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**FACTORS INFLUENCING THE COOPERATIVE PROCESS OF CROSS-BORDER
MERGER AND ACQUISITION'S NEGOTIATION IN FACE-TO-FACE
THE ROLE OF INDIVIDUAL, STRATEGIC, AND CONTEXTUAL COMPONENTS**

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**FACTORS INFLUENCING THE COOPERATIVE
PROCESS OF CROSS-BORDER MERGER AND
ACQUISITION'S NEGOTIATION IN FACE-TO-FACE:
THE ROLE OF INDIVIDUAL, STRATEGIC, AND
CONTEXTUAL COMPONENTS**

**A thesis submitted to King's College London
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**KING'S COLLEGE LONDON
UNIVERSITY OF LONDON**

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Abstract

Keywords: International negotiation, Merger and Acquisition, Negotiation process, Attractiveness, Personality, Tactics, Time pressure, Relative power

Academic endeavors in international business research have produced a number of convincing studies that argue for the importance of negotiation activities and environments in the process of the global interaction of two international counterparts. Despite the effort and time given to negotiation research, the empirical and academic investigation of the relationship between the influencing factors and the process or outcome of negotiations is still fresh. The issues in negotiation dynamics can be categorized so that they can be explained in a broader group of components defined by characteristics such as individual, strategic, and contextual components, which influence the cooperative process during international M&A negotiations. What are the desirable outcome variables? Those issues still need to be explored due to the very nature of the negotiation activity. Thus, this research empirically tests the effects of attractiveness and personality (i.e., compliance, aggressiveness, and detachment) as the individual components, tactics (i.e., hard, rational, and soft) as the strategic components, and time pressure and relative power (i.e., legitimate, reputational, and informational) as the contextual components on the face-to-face cooperative negotiation process of international M&As, which is intended to ensure satisfaction and strengthen future relationships.

We performed regression analysis in SPSS with 11 observable variables, with the cooperative process of negotiation as a dependent variable. Samples were collected through a questionnaire survey of respondents who were experienced in international M&A negotiations with foreign partners. The results showed that variables such as the attractiveness, rational tactics, and reputational power of negotiators have a strong positive influence, and the perceived time pressure and a compliant personality have a strong negative effect on the cooperative atmosphere during face-to-face M&A negotiations. Most hypotheses were supported as we predicted, whereas the negative influence of a compliant personality on the cooperativeness was unexpected. This is due to the broad range of its definition, which includes sensitivity and generosity both in a compliant individual, for instance (Brooks and Rose, 2004).

This research contributes to our understanding and discovery of the links assumed based on the previous research. It thereby also contributes to the formulation of a practical strategy before the actual negotiation activity by reviewing the important variables in each category such as the individual, strategic, and contextual components. Methodologically, we overcame the previous limitations of descriptive research and of Kelley's (1966) simulation study that used student samples, by conducting the survey with experienced international negotiators. With our application of a process-related variable instead of the financial outcome as the dependent variable, we also overcame the traditional perspective of a win-lose pie sum by steering towards a win-win perspective in equilibrium.

Chapter1 INTRODUCTION

1.1 Introductory remark

Today's business environment is characterised by increasing complexity, uncertainty and discontinuity, given the rapidly changing economy, methods of doing business and technological advances. One aspect of this is that acquisitions and mergers have turned out to be necessary survival strategies (Patrick and Mc Coy 2003; Kauser and Shaw 2004). As the need to deal with the complexities of the global market increases, companies all around the world are realising that survival alone is no longer an alternative and are finding themselves directly or indirectly compelled to collaborate with other companies (Culpan 2002). In other words, today's business can be best described as active, synergistic and complex, especially international business, while the need to cope with the accelerated rates of international negotiation and business, such as through international joint ventures, mergers and acquisitions (M&As), licensing agreements, distribution agreements, production agreements and seller-buyer agreements, as markets and business scope become more globalised and the world becomes smaller, boosts the chances of cross-cultural negotiations taking place. However, since everybody expects to maximise their share of resources that are mostly limited, parties tend to show enhanced competitive and opportunistic behaviours (Ghauri and Usunier 2003; Williamson 1979) through cost leadership, differentiation or sharing resources in order to achieve sustained competitive advantage mainly through collaboration (Das and Teng 2000).

As M&As became popular initially during the 1970s and 1980s (Lamont and Anderson 1985; Porter 1987), the growth strategy of M&As has been the subject of a significant number of research studies in finance and economics (Auerbach 1988; Jensen and Ruback 1983; Roll 1986; Varian 1988) and strategic management (Barney 1988; Chatterjee 1990) over the past decades. Following the increasing popularity of M&A and alliance research over the past decade, scholars have studied various topics focused on post-acquisition integration (Homburg and Bucerius 2006; Teerikangas 2012), pre-emptive M&As (Carow, Heron and Saxton 2004), the impact of M&As or alliance experience on performance (Haleblian and Finkelstein 1999), M&As and alliances as learning and synergy tools (Hamel 1991; Harrison et al. 1991) and the sequence patterns of M&As and alliances (Shi and Prescott 2011; Seo and Hill 2005). M&A activity has been highlighted in terms of

maximising a firm's value (Salter and Weinhold 1979), and creating efficiency through the synergy effect, which enhances market power and competitiveness (Harrison, Hitt, Hoskisson and Ireland 1991), as a vehicle for diversifying products and services, innovating operational flexibility, new skills, and the labour force, sharing risk, trimming managerial deadwood and the fat off of the national economy and finally, increasing global competitiveness again (Jensen 1993; Marks and Mirvis 1998; Auster and Sirower 2013). The main purpose of M&As and alliances has been viewed as the efforts of a firm to achieve improved economies of scale, scope, market share, prestige, survival and other outcomes essential to sustained competitive advantage (Shi and Prescott 2012). Therefore, as a reaction to the highly turbulent and complex business environment, and through the motivation to attain economies of scale, reduce inefficiency, increase access to resources, promote risk reduction, increase the return on shares, increase the market share and market power and profitability, the term 'merger mania' was introduced by Buono and Bowditch (1989).

As a result, international firms of all sizes are prone to joining the trend in M&As in an attempt to fulfil growth objectives, synergy and competitive advantages from the synergetic new entity through combining a multitude of assets and strengths (Buono and Bowditch 1990; Cartwright and Cooper 1993; Patrick and McCoy 2003; Marks and Mirvis 1992; Manzini and Gridley 1986). This new collaborative entity is expected to be more productive, competitive, efficient and have more market share and a stronger financial standing than both of the individual companies concerned. However, since every collaboration between firms includes two or more different entities, mindsets, cultures and sets of financial statements (Patrick and McCoy 2003), M&As are not always successful for a number of reasons. Failures are attributed to reasons such as weakly envisioned business strategies, cultural differences (Hofstede 2001; Kogut and Singh 1988; Very and Schweiger 2001), changes in the economic and competitive environment as well as a lack of proper consideration regarding the human resources involved (Marmenout 2010; Baytos 1986). There is considerable evidence from business practice that many M&A activities remain unsuccessful. Estimated failure rates are typically between 60 and 80 percent (Marks and Mirvis 2001:80; Tetenbaum 1999:22).

M&As are beset by numerous problems in terms of strategic market-entry choice (Hennart and Park 1993), market valuations (Jensen and Ruback 1983), value creation (Haspeslagh and Jemison 1991) and firm performance (Galbraith and Stiles 1984; Chatterjee 1986;

Blackburn and Lang 1989), and the key finding is that difficulties in M&As can be traced to a lack of a compelling strategic rationale, unrealistic expectations of the possible synergies and to paying too much for acquired firms (Aguilera and Dencker 2004).

Meanwhile, Perlmutter¹ estimates that over 50% of an international manager's time is spent negotiating (Adler and Graham 1989). To manage these negotiations successfully, business people need to know how to influence and communicate with members of cultures other than their own in cross-border M&As. Buckley and Ghauri (2002) suggest three particular problems, such as inspection, negotiation and integration problems, which might be responsible for such a high failure rate (i.e., 50–60%) of M&As. Concerning the problem of negotiation, this highlights the importance of having high-quality information and the need to cater for cultural differences being specified in any regulatory requirements. Visible failures such as the AT&T purchase of NCR, or challenges faced by the Daimler-Benz merger with Chrysler, highlight the potential difficulties inherent in acquisitions (The Economist July 22, 2000; Motoramic May 7, 2014). As the proportion of foreign-to-domestic trade increases, so does the frequency of business negotiations between people from different countries and cultures. Scholars have also analysed the relevance to the inter-corporate level of thinking about how M&As, in the case of cross-cultural ones, can be made more successful by efficient communication and information exchange between corporations, thus defining a strategy of negotiation. Regarding negotiation problems and issues, face-to-face meetings and a conducive atmosphere have been emphasised (Ting-Toomey 2003) in both the research and suggested future research. Thus, it is crucial that we highlight the critical issue as one of communication and information sharing in face-to-face negotiation situations, which especially links to win–win negotiations or cooperative negotiation processes.

In planning for negotiated M&As, many elements require preparation regarding one's own company and the other company. A multi-dimensional audit must be conducted to learn more about each other. Large numbers of research papers assert that many M&A failures have their root cause in a lack of fruitful contacts and information exchange between the two sides at various stages; hence, many opportunities for companies to learn about each

¹ Alder and Graham (1989) cite Professor Haward Perlmutter of the Wharton School, University of Pennsylvania, and "More than 50% of international managers' time is spent in negotiating – in interpersonal transaction time influencing other managers." Stated at the Academy of Management Meetings, Dallas, Texas, August 1983.

other, prepare and implement a deal-making strategy together are needed in the absence of cooperative negotiations. This is especially true when integrative negotiations are considered as a valuable solution in achieving long-term relationship value versus one-shot negotiation success. Moreover, satisfaction that the counterparts have perceived each other well is a factor that increases the possibility of a cooperative or 'win-win' solution, and one that helps maintain both positive current and future relationships (Ma 2007).

1.2 The trend for mergers and acquisitions, and the research context

Joint ventures, M&As, licensing and distribution agreements and sales of products and services – crucial aspects of all such inter-organisational relationships – are always related to face-to-face negotiations between two parties, especially to cross-border M&As. These aspects are the main vehicle leading to the surge in foreign direct investment (FDI) and are a major part of the corporate finance world, particularly of its role during corporate restructuring. Wall Street or London investment bankers might arrange M&A transactions every day, thus bringing two separate companies together to produce larger ones for the reasons mentioned above, such as scales of economies and scope, risk reduction, an increase in market share and power, resource accessibility and so forth. Deals can be worth hundreds of millions, or even billions of dollars, which can dictate the fortunes of the companies involved for years to come. As understood and mentioned by Saorin-Iborra (2008), M&A negotiations are distinguished from negotiations for joint ventures, sales of products and services or licensing agreements in terms of the range of considerations and even by the volume of the M&As.

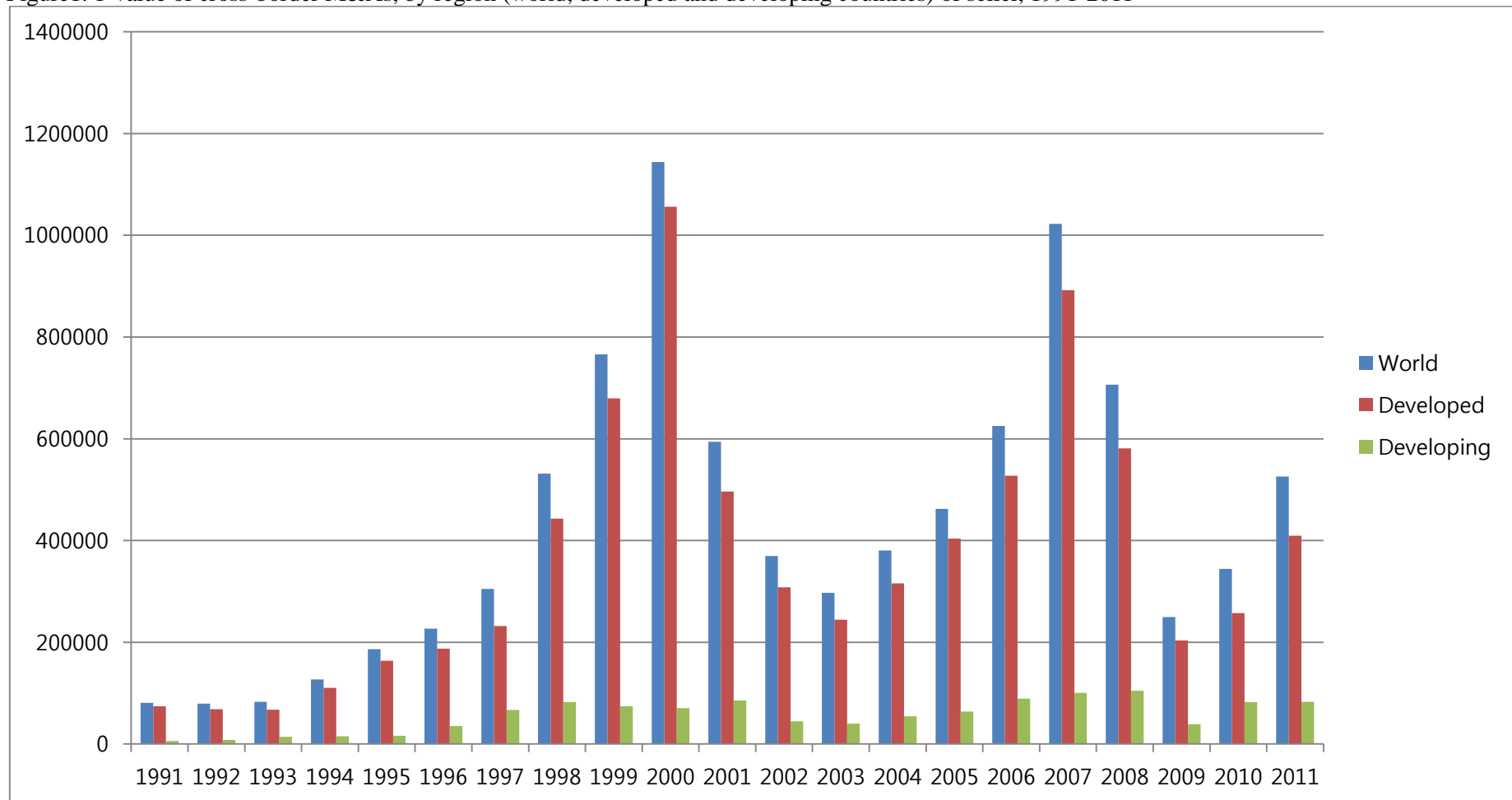
The statistics of cross-border M&As in Figure 1.1 and Figure 1.2, compiled from the annual world investment reports from the 2006 and 2012 United Nations Conference on Trade and Development (UNCTAD), showed the value by region (e.g., developing, developed and world) of both sellers and purchases from 1991 to 2011. The graph showed that the value and volume of cross-border M&As dramatically rose by 93% from 1991 to 2000, reaching US \$1,144 billion. After experiencing a drop to 73% as part of the decreasing trend from 2000 to 2003, it rapidly increased from 2003 to 2007 by 71%, accounting for US \$1,023 billion in 2007. Again, it dropped by 76% for two years from 2007 to 2009 and then proceeded to recover by 53% in 2011. According to the recent Global Investment Trends Monitor from UNCTAD (2011), developed countries are moderately recovering mainly due to higher cross-border M&A deals by the United Kingdom and United States. The

developed economies' cross-border M&A activity as both seller and purchaser still dominate, comprising more than 76% of overall value in 2011. For instance, the United States registered the highest volume of cross-border M&As by country of purchaser in 2011, while the European Union led as a seller. Within the EU, France had the most activity in both aspects, followed by the Netherlands as a top-ranking purchaser and Switzerland as a top-ranking seller. Meanwhile, cross-border M&A sales in developing countries fell in 1999 because of fewer privatisations in Latin America, where the value of cross-border M&As fell from US \$64 billion in 1998 to US \$37 billion in 1999, while in developing Asia, cross-border M&As continued to grow in 1999. Interestingly, cross-border M&As in the five Asian countries most affected by the financial crisis, including countries such as South Korea, were still on the rise, growing in value from US \$11 billion in 1998 to US \$15 billion in 1999. The value of cross-border M&A sales in Central and Eastern Europe also doubled between 1998 and 1999 from US \$5 billion to US \$10 billion. Overall, the Thomson Financial 2001 Report showed that on a worldwide basis, international firms spent over US \$3.4 trillion on M&As in 2000, with the majority of transactions being horizontal M&As, which take place within one industry. Even in a 'down' year such as 2001, totals for 2001 were estimated at nearly US \$2 trillion worldwide (The Economist 2002). Recently, developing countries have presented with a strong recovery in value, with Hong Kong, the Republic of Korea, Taiwan and Malaysia as the focal points. Brazil, Chile, Colombia and Mexico, which are considered as large investor countries, also registered increases in both their outward FDI flows and cross-border M&A purchases in 2011. Additionally, cross-border M&A activities were monopolised by Asia among the developing economies, with over 60% of volume in both purchaser and seller activity. In 2001, Japan topped the list for Asia, followed by China, with the Asia cross-border M&A activity valued globally at US \$ 2.6 trillion in 2011 (Thomson Reuters 2011). Cross-border M&As are continuously adapting quickly to changing economic conditions. They jumped by 53% in 2011 compared to the lowest point in 2009 (shown in Figure 1.1 and Figure 1.2), reflecting both the growing value of assets on the stock market and the increased financial capability of potential buyers to carry out such operations. However, they still need to overcome some weaknesses, such as the impending tightening of fiscal policy, regional conflicts and the recent sovereign debt crises of some European countries (UNCTAD 2011).

After experiencing global cross-border M&As, international firms have a better understanding and often prioritise M&As as their focal competitive strategy for foreign investment to enhance the core competences of their corporate systems and value. As a

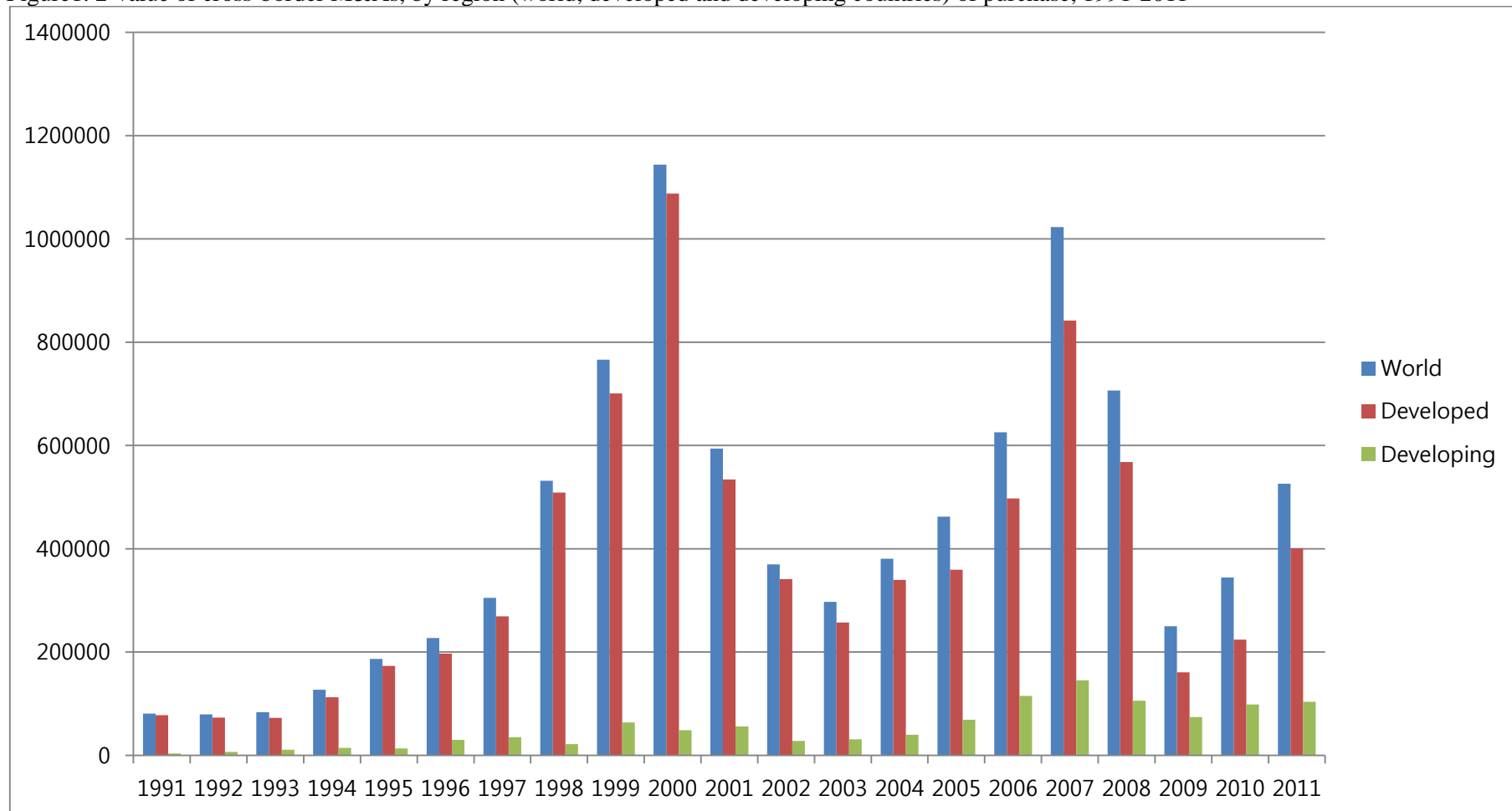
result, the issue of cross-border M&As has raised significant concerns in both developed and developing countries in terms of their process and synergy. It is true that M&As are important strategic activities for firms (Saxton and Dollinger 2004), and cross-border M&As have become the dominant mode of growth for a firm for foreign expansion when seeking competitive advantage in an increasingly complex and global business economy in recent years (Neary 2007; 2009; Deng 2010; Angwin 2004; Franck 1990; Adler 1997). Obviously, the important reason behind M&As is the synergy, which takes the form of revenue enhancement and cost savings in general. By collaborating, the companies definitely expect benefits such as staff reductions, economies of scale, the acquisition of new technology, or improved market reach and industry visibility. In a nutshell, the various complicated aspects of the investigation on the overall process of M&As have been fundamental to both the practitioners and researchers to achieve the goals and objectives of M&As through negotiation.

Figure1. 1 Value of cross-border M&As, by region (world, developed and developing countries) of seller, 1991-2011



Source: UNCAD World Investment Report 2006; 2012 'Value of cross-border M&As, by region of seller, 1991-2011' (Millions of dollars)

Figure1. 2 Value of cross-border M&As, by region (world, developed and developing countries) of purchase, 1991-2011

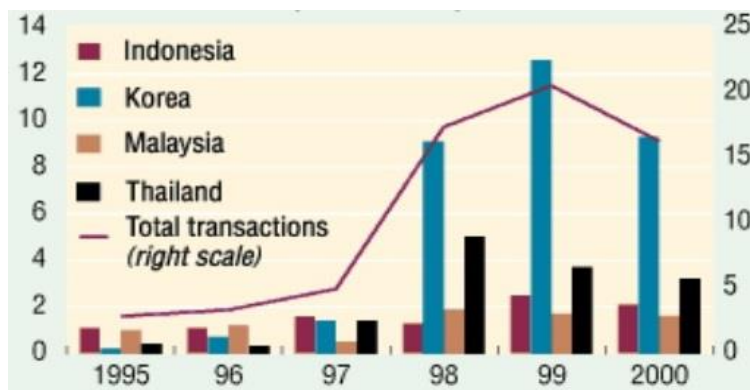


Source: UNCAD World Investment Report 2006; 2012 'Value of cross-border M&As, by region of purchase, 1991-2011' (Millions of dollars)

1.3 M&A trend in The Republic of Korea

Cross-border M&As increased dramatically in East Asia following the financial crisis of 1997. As shown in Figure 1.3, using Thomson Financial Securities Data 2001², cross-border M&As in East Asia's crisis countries such as Indonesia, Korea, Malaysia and Thailand sharply rose in value from US \$3 billion in 1996 to US \$22 billion in 1999, before falling slightly to US \$18 billion in 2000.

Figure1. 3 Cross-border mergers and acquisitions in crisis countries, 1995-2000



Source: Thomson Financial Securities Data 2001, *billions of dollars*

Compared with other East Asian countries, in Malaysian firms, a large number of cross-border M&A deals were made prior to the crisis, but since then, the volume of such transactions has not increased following the crisis. Malaysia has become a less significant M&A competitor. In Indonesia, where cross-border M&As have traditionally been restricted, the value doubled between 1998 and 1999 to reach US \$2.7 billion. On the other hand, Korea and Thailand are distinguished in having the largest increase in M&A activity, as defined by their values, which rose to US \$ 13 billion and US \$ 4 billion, respectively, in 1999.

This wave of M&As was triggered by important policy changes following the crisis, particularly in Korea and Thailand. Since their crises in 1997, both Korea and Thailand have introduced various measures to encourage business consolidations through M&As, as

² The statistical references to cross-border mergers and acquisitions (M&A) define acquisitions of more than 50 % equity by foreign investors.

well as to liberalise foreign investments based on critical policy changes in corporate governance, competition policy, and bank privatisation and regulation, which sharply increased the value of cross-border M&As (Mody and Negishi 2001). In fact, the rise in M&As in East Asia, particularly in the Republic of Korea right after the economic crisis, stemmed largely from the policy changes that facilitated foreign investments. For instance, liberalisation of foreign entry and ownership restrictions and the introduction of international accounting standards and shareholding systems have exponentially increased the accessibility and ability of foreign investors to acquire assets in local markets. The experience of the Republic of Korea is interesting, since Korea recorded a very low level of inward FDI before the 1997 economic crisis, but Korea's FDI status has dramatically upturned, almost reaching US \$ 3 billion in 1999 and US \$ 4 billion in 2011. As a result, the Republic of Korea has become one of the largest recipients of M&A-associated FDI in Asia and cross-border M&As are held up as an important part of Korea's open-door policy (UNTCAD 2002; UNTCAD 2012; Moon, Kim and Lee 2003). Following the economic crisis and more active cross-border M&A performances in Korea and the Asian countries, although the value of cross-border M&As has been fluctuating (as shown in Figure 1.1 and Figure 1.2) in terms of the world trend, the overall global value and Korea's overall cross-border M&A performance are still rising rapidly, achieving US \$ 3 trillion around the world and US \$ 36 billion in the Republic of Korea in 2011.

Figure1. 4 Value of cross-border M&As in South Korea, 1994-2013



Source: IMAA (Institute of Mergers, Acquisitions and Alliances), *billions of dollars*

1.4 Research problems and objectives of the study

The definitions and aspects of negotiation have been discussed in various ways. As a basic concept, Pruitt and Carnevale (1993) define a negotiation as a discussion between two or more parties with the objective of resolving a divergence of interest and as means of escaping social conflict. Negotiation is also broadly defined as an interpersonal decision-making process that includes interactions between two or more parties who deal with incompatible interests but cannot achieve objectives without partners (Thompson 2005). However, most scholars consider negotiation as a communication process through which two or more parties with some apparently conflicting goals seek to find a better solution (Liu 2011; Putnam and Roloff 1992). Carnevale and Lawler (1986) suggest negotiation as a form of symbolic communication in order to reach agreement on issues where there are perceived conflicts of interest.

Regarding the negotiation issues investigated previously, Alfredson and Cungu (2008) categorise five approaches to negotiation: structural, strategic, behavioural, process or concession-exchange and integrative negotiation. Negotiation issues in an international context are even more complicated and diverse, since successful conflict resolution in cross-cultural settings requires more knowledge of the similarities and differences between the cultures and the cultural behaviours of foreign partners (Pearson and Stephan 1998). Thus, the previous studies in cross-cultural negotiation have been categorised by several perspectives on the process (Adler, Brahm and Graham 1992; Hall 1985; Davidson 1987), cultural behaviour (Metcalf et al. 2006; Brett and Okumura 1998; Ghauri and Fang 2001), emotion and behaviour (George, Jones and Gonzalez 1998; Anderson and Kumar 2006), tension and complexity control (Lee, Yang and Graham 2006; Ma 2007; Rao and Schmidt 1998), negotiators' tendency (Carroll, Bazerman and Maury 1998; Neale and Bazerman 1992), complexity (Weiss 1993; Wall and Blum 1991), conflict-resolution behaviour that favours maximum information sharing (Lewicki, Weiss and Lewin 1992; Wall and Callister 1995) and negotiation outcomes such as problem-solving behaviour, better profit and satisfaction (Dwyer 1980; Graham 1986; Brookmire and Sistrunk 1980; Money 1998; Graham, Mintu and Rogers 1994). As the negotiation process includes a high level of complexity defined by several steps or characteristics depending on the different scholars, who sometimes look into pre-negotiation, face-to-face negotiation or post-negotiation in descriptive detail, we need to clarify the definition of the negotiation process and of specific

limited areas through this research.

Firstly, we suggest the research framework, filling in the research gaps that we have identified as a result of the initial literature review and the review of global and Korean M&As as well, as summarised below in Table 1.1.

Table1. 1 Research gaps identified

Gaps identified	
Contextual gaps	<ul style="list-style-type: none"> • Types of negotiation have not been limited and well defined • Steps of negotiations have not been clarified
Theoretical gaps	<ul style="list-style-type: none"> • No clear relationship or comparison between two different cultural partners with generalised model for international negotiation • No proper and clear framework during face-to-face negotiation
Methodological gaps	<ul style="list-style-type: none"> • Limited use of quantitative survey research in international negotiation studies • Most previous studies are descriptive, comparative, or case studies • Survey respondents are limited to university students or sometimes MBA students, who seldom represent real negotiators and negotiation itself

A. *Filling in the contextual gaps*

The steps or processes in a negotiation deal have previously been clearly defined. For instance, from Galpin and Herndon (2007), in Figure 1.5, a proposal is shown on the deal flow model that covers the flow of a negotiation: formulate, locate, investigate, negotiate, integrate and motivate. Kersten and Lo (2003) suggest a three-phase model of negotiation involving pre-negotiation, conducting the negotiation and post-settlement, as shown in Figure 1.6. However, most of the previous research has not defined which step of negotiation is mainly discussed in their research, although the ‘negotiation behaviour’ would be distinctively recognised depending on the step that it belongs to. Here we sharpen the step or context of the negotiation as a *face-to-face negotiation context*, which means conducting the negotiation under the concurrent phase (Kersten and Lo 2003) or the negotiation deal being agreed on in terms of a value (Galpin and Herndon 2007), as shown in Figure 1.6.

Along the same lines as the context of the negotiation being limited in this research, it is

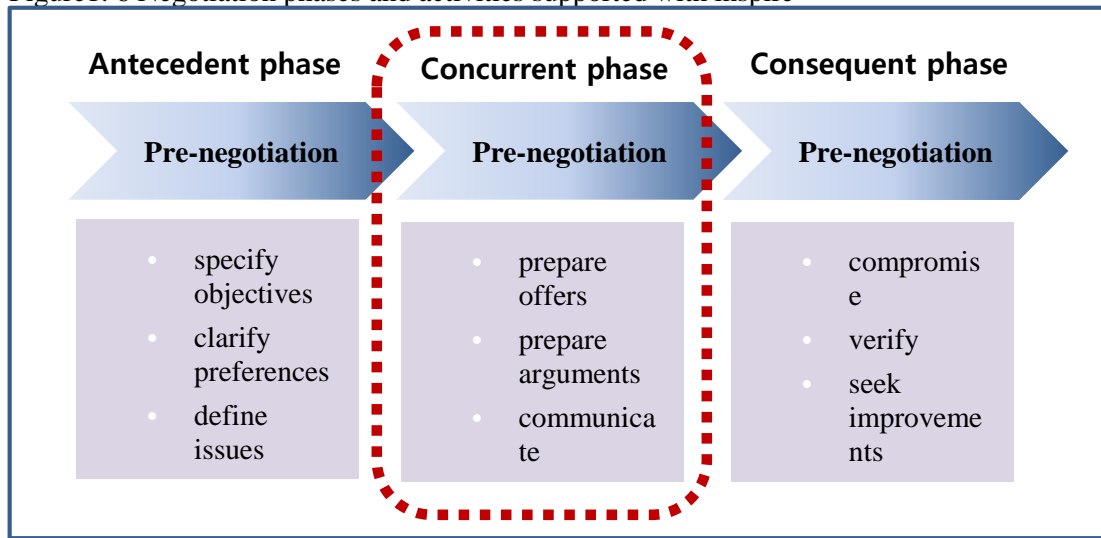
essential that joint ventures, M&As, licensing and distribution agreements and sales of products and services are assigned as crucial aspects of all such inter-organisational relationships (Adler and Graham 1989). However, negotiators' behaviour and emotions during face-to-face contact would not be uniform across the different types of inter-organisational relationships, as mentioned above (e.g., joint ventures, M&As, licensing). For instance, Zeira and Newburry (1999) proposed time pressure as one of the factors that distinguishes between the negotiation process in M&As and joint ventures, arguing that the effect of time pressure is only unique to M&A negotiations. As mentioned above, M&As are the main method for increasing global FDI, which rose to US \$3 trillion in a single year (2011), out of which US \$36 billion stemmed from the Republic of Korea. Moreover, even the value of cross-border M&As dramatically increased right after the economic crisis in 1997 due to the large policy changes in corporate governance, competition policy and bank privatisation and regulation (Mody and Negishi 2001). Therefore, here we focus on the negotiator's behaviour during *face-to-face negotiations in cross-border M&A cases between Korea and other foreign countries*.

Figure1. 5 The deal flow model



Source: Galpin and Herndon (2007)

Figure1. 6 Negotiation phases and activities supported with inspire



Source: Kersten and Lo (2003)

B. Filling in theoretical gaps

As analysed in Buelens et al.'s (2000) study, most negotiation research has been unequally developed with divergent conceptual frames sometimes supported by laboratory experiments, experimental simulations, case studies and field studies dominating 94% of negotiation research. It is notable that conceptual studies, laboratory simulations and observations have contributed massively to the negotiation research (e.g., Ghauri and Usunier 2003; Ghauri and Fang 2001; Brooks and Rose 2004; George, Jones and Gonzalez 1998; Adler, Brahm and Graham 1992; Graham 1985; Greenhalgh, Neslin and Gilkey 1985). Experimental designs are vital in enabling the recognition of causal relationships through accurate measurements; thus, it is necessary to utilise the 'mirror of science' by examining theoretical models in order to promote new discoveries of truths and objective realities, thereby improving existing conceptual knowledge towards causality, explicit hypotheses and variables (Buelens et al. 2000). Thus, the existing conceptual and theoretical models should be improved as a parsimonious and generalised model with variables to be applied across different settings and populations reaching objective reality and context realism and systematic divergences in meanings.

Adler (1983b) reported that in top American management journals from 1970–1980, only 0.9% targeted cross-cultural interaction. The tendency for this research was to convey single-culture descriptive studies or multi-culture comparative studies instead of cross-

cultural interaction studies, since the dominating research was descriptive or comparative during that period. For instance, much of the research introduced describing the negotiation behaviour of the French (Dupont 1982; Plantey 1980), Russians (Beliaev, Muller and Prunett 1985), Mexicans (Fisher 1980), Brazilians (Graham 1983; 1985a), Middle Eastern Arabs (Wright 1981; Muna 1980), Chinese (Tung 1984; Pye 1983) and Japanese (Van Zandt 1970; Tung 1984; Graham 1985a), even with a number of multi-cultural studies being carried out (Weiss and Stripp 1984; Harnett and Cummings 1980; Adler et al. 1987; Campbell et al. 1988; Graham et al. 1988).

Regarding comparative management, it was initiated with earlier studies (Roberts 1970; Robers and Snow 1973; Triandis 1972), and more research (Hofstede 1980; Bhagat and McQuaid 1982; Sekaran 1983; Roberts and Boyacigiller 1982; Ronen 1986; Adler and Doktor 1986) elaborated on within-culture descriptions and comparisons as international firms operated multi-domestically rather than operating globally during the era. It is the interaction of negotiators within and between organisations, and not their behaviour issues, that brings comparative management and description at an organisational, structural and financial level, recognising that cross-national interaction brings with it multi-country comparisons. Based on that research and understanding, it was suggested that foreign counterparts may behave similarly as their domestic partners and colleagues, with questions being raised regarding how to negotiate with people from other cultures. Therefore, this research contributes to the development of negotiation research, especially in the testing of a holistic and realistic research framework.

C. Filling in methodological gaps

The methodological strategy of negotiation research from 1965 to 2004 is analysed through theoretical and conceptual articles (22%), laboratory experiments (53%), experimental simulations (11%), case studies, interviews, observations and field studies (7%) and sample surveys (6%), as indicated by Buelens et al. (2008), which covers all of the focal topics of negotiation (e.g., negotiator personality, gender differences, cross-cultural negotiations, teaching training, emotions, ethics, communication interaction rationality and bias, mathematical and game theory and third-party influence). Buelens et al. (2008) found that more than half of the negotiation research published over the past four decades applied laboratory experiments, especially between 1997 and 2001. Although experimental

research designs are essential for the precision of measurement and the discovery of causal effects, the main limitation is that they cannot generalise across different settings, time periods and populations due to their lack of context realism and largely simplified representations of reality (Buelens et al. 2008). Therefore, this research attempts to utilise a survey study with mathematical modelling for the generalisation of international negotiation research.

There are two different viewpoints on obtaining the data for the negotiation research. One view relies on a large sample size as being reliable, and the easiest access to gaining large sample sizes is attributed to students and psychology graduates. However, a more valid sample favoured by scholars and practitioners would be actual negotiators dealing with negotiations in the real world, but this sample proves difficult due to many factors (Buelens et al. 2008; Adair and Brett 2005; Greenhalgh, Neslin and Gilkey 1985; Tinsley and Pillutla 1998). However, according to the analysis of Buelens et al. (2008), only 3% of negotiation research deals with professional negotiators and 56% of it with psychology and other students as the main population of negotiation research. Thus, Buelens et al. (2008) strongly believe that the growing efforts in international relationships and negotiation are necessary due to the potential variety of research traditions, especially in terms of the methodology. Thus, it is arguably meaningful for this study to concentrate on both the population of professional negotiators and on a quantitative survey questionnaire. As a result, in an attempt to overcome the shortcomings in filling the research gap generated from contextual, theoretical and methodological perspective components, we aim to suggest a generalised empirical model, explicit hypotheses and proper research questions for a survey in the context of international M&A face-to-face negotiations. Following on from the research objectives outlined and explained above, this study puts forward two specific research questions that conceptualise the aims of this study.

What are the most important or prevalent factors and their corresponding sub-variables during the process of international face-to-face M&A negotiations?

Which variables have a strong effect on the cooperative process of international M&A negotiations in face-to-face situations?

As proposed in the review and hypotheses chapter, according to the conceptual frameworks for international business negotiations suggested and developed by scholars (Ghauri and

Usunier, 2003; Graham 1983; Brooks and Rose 2004; George, Jones and Gonzalez 1998; Adler, Graham and Gehrke 1987), three groups of main components – namely the *individual component* (i.e., personal factors, background characteristics), *contextual component* (i.e., contextual atmosphere factors, situational constraints, environmental factors) and the *strategic component* (i.e., organisational factors, process measures) – have been argued to be the broad boundaries of the variables that need to be considered during the process of face-to-face negotiations. Although scholars use their own terminologies, the main idea of the structure was similar in all of the studies. This holistic frame has been descriptively introduced in Ghauri (1996) and Ghauri and Usunier (2003). Therefore, this study will attempt to empirically assess this holistic model with broader components including specific sub-variables such as *attractiveness* and *personality* in the individual components; *relative power* (i.e., legitimate, reputational and informational) and *time pressure* in the contextual components; and *tactics* (i.e., hard, soft and rational) in the strategic components.

However, some limitations and outstanding scopes remain for future research. Firstly, we were not able to contact all of the international negotiators participating in the same deal to avoid common method variance (CMV). Secondly, since most of the M&A deal information is highly confidential, experienced negotiators are extremely sensitive in terms of providing feedback, even on general questions and company information; very often, their behaviour is highly cautious. Finally, due to the respondents' accessibility issues, we limit the counterpart relationship to that between Korean negotiators and their foreign partners. Moreover, it would be interesting to assess the different behaviours and reactions of negotiators depending on the partners' nationality.

The anticipated contribution of this study is critical in terms of the analysis of international negotiations, since it provides statistical objectivity for the influencing variables within the research models, attaining theoretical knowledge and practical contributions through confirming the hypotheses. In particular, the holistic and generalised research model and questions have actually been discovered and empirically tested, especially with actual and practiced managers who are experienced in cross-border M&A negotiations, so it can be given and suggested as a realistic and practical solution for practitioners and international companies who are planning to negotiate in the matter of cross-border M&As. Particularly, the generalised research model based on the previous conceptual models and research could be applied and could contribute to other future international negotiations. It would be

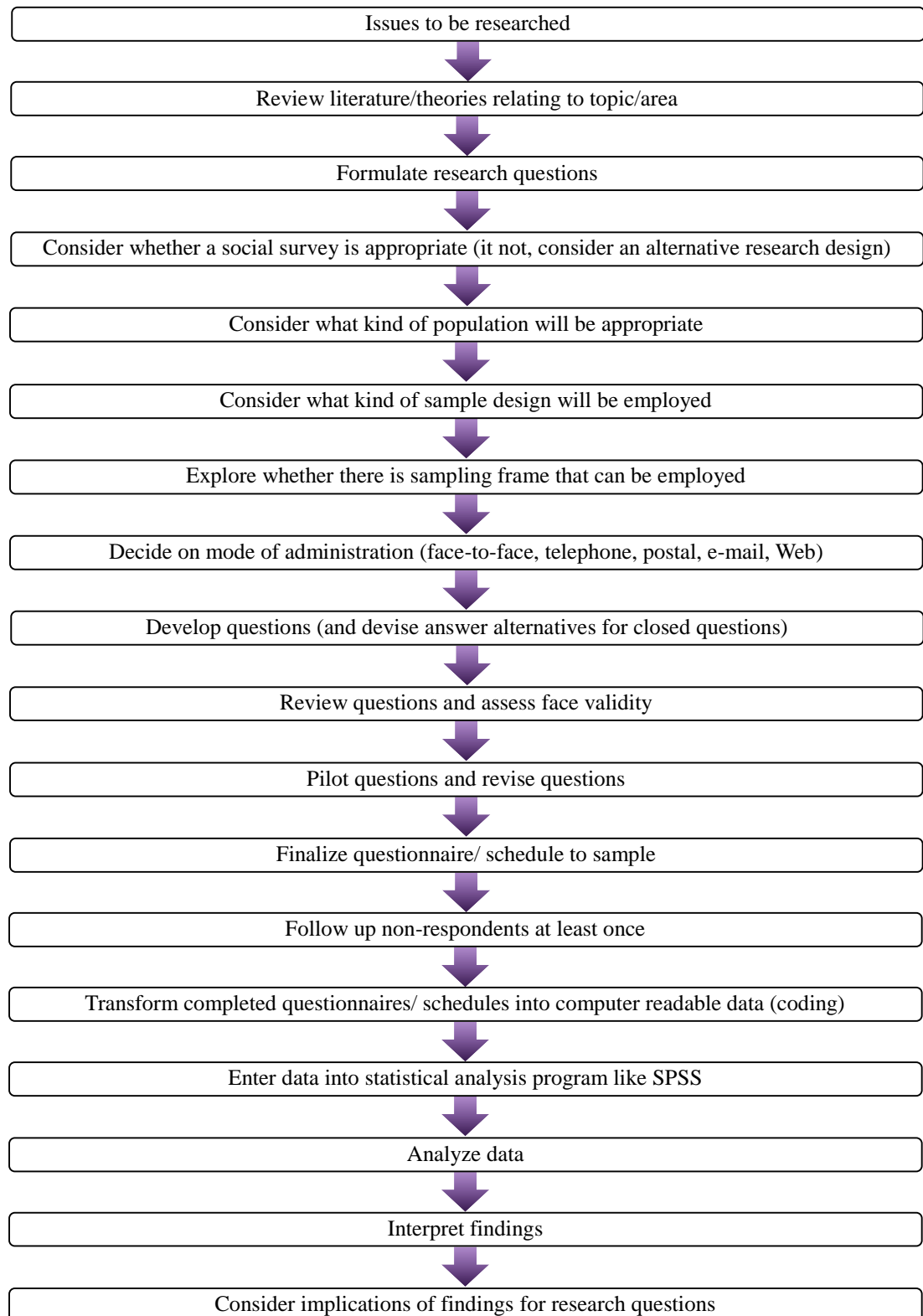
interesting to note which connotative components and variables have a massive effect on the cooperative atmosphere or process of negotiations, as they represent a win-win relationship and ensure the future of the relationship as well (Ma 2007).

Regarding proposals for future research, it would be fascinating to diversify the population and the cultural context or to attempt a paired construct. To elaborate further on the paired construct, since the perception from both counterparts would always be asymmetric in the pair, it would be meaningful to match the perception and behaviour of both parties. The survey population for this research is limited to Korean practical negotiators due to the accessibility issues of the respondents. Alternatively, other comparisons between different cultural groups depending on the culture of the partners (e.g., a high-context culture versus a low-context culture;³ individualism versus collectivism) with this research model would be the next step, given that their behaviours and perceptions might be varied.

³ *'The influence of individualism and collectivism on Mexican and U.S. business negotiation'* (Heydenfeldt 2000) ; *'Negotiation behavior when cultures collide: The United States and Japan'* (Adair, Okmura, and Brett 2001)

1.5 The structure of the thesis

Figure1. 7 Steps of conducting a social survey overall research structure and procedure



Basically, this study has been conducted as a social survey with the overall research structure and procedure shown in Figure 1.7. In addition, this thesis is constructed as six chapters, starting with an introduction and ending with a discussion and conclusion. Figure 1.8 shows an outline of the study with the key components described in each chapter. In the first chapter, the M&A trend and the choice of the context limits are described, including the research questions and objectives, followed by the scope and the structure of the thesis.

Chapter 2 reviews the relevant literature and gives a general overview based on the previous research. In addition, all of the relevant theories on international negotiation have been considered in order to discover an appropriate theoretical background to clarify the hypotheses and the suggested research framework. Moreover, the determinants of cooperativeness for international negotiations have been explored and described in order to approach the main argument of this study.

Following the literature review chapter, Chapter 3 draws up the conceptual framework and hypotheses. This chapter specifies the aim of the research in detail and proposes hypotheses on the relationships between the three main components – individual, strategic and contextual – and the cooperative process of international negotiation based on the review of the relevant literature. Subsequently, a conceptual model for the research is suggested in developing the hypotheses.

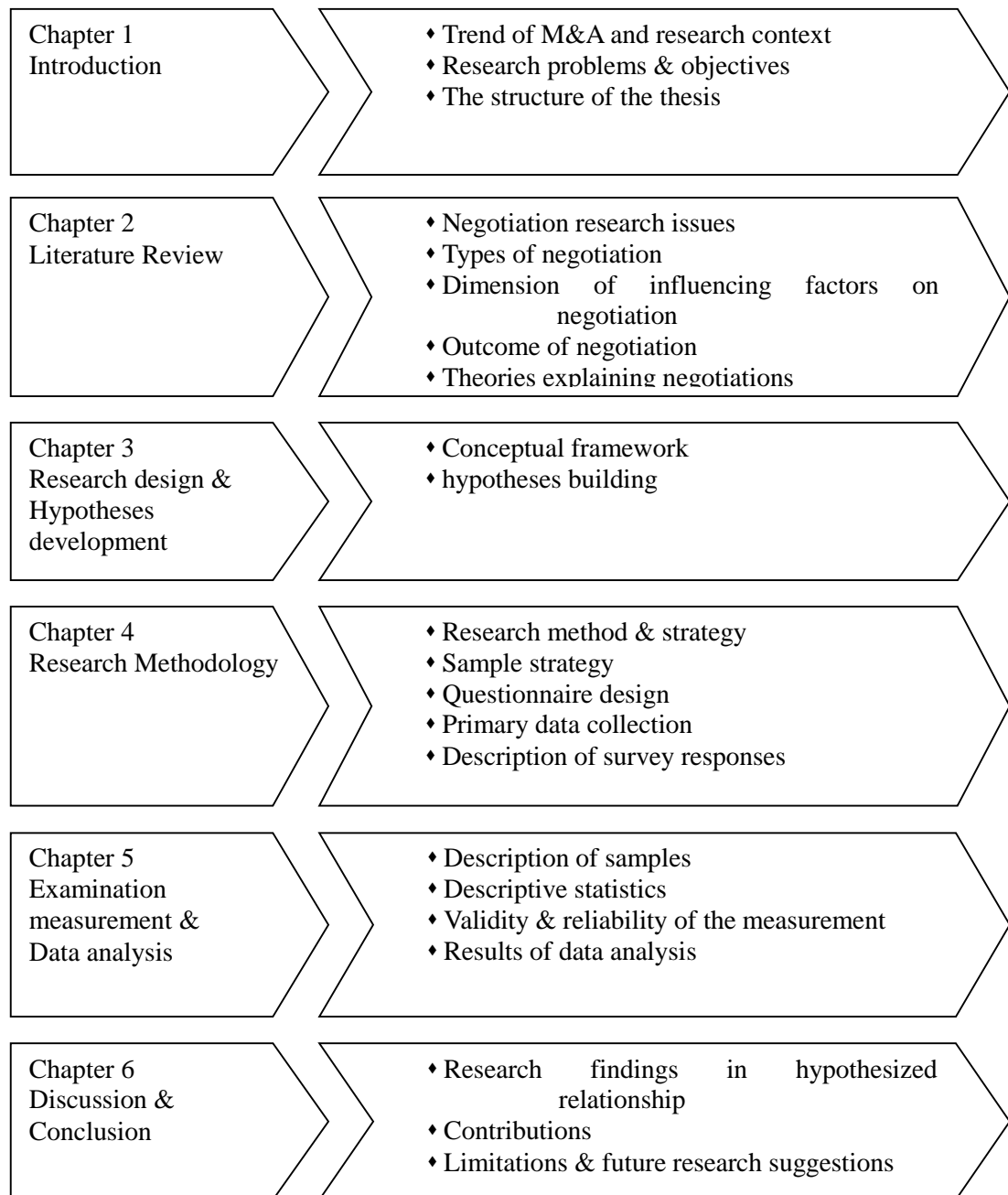
Chapter 4 draws on the research method and strategy, the characteristics of the sample and the description of the data collection. After the questionnaire design and primary data collection are described, the process for and responses from the mailed online survey are detailed. In particular, the adequacy of the methodology is discussed in this chapter.

Chapter 5 reports on the descriptive statistics and the results of the validity and reliability tests of the measurements using CFA. Finally, the SPSS technique performed for the study is discussed with its model fit. Consequently, the results of testing the proposed model and the hypotheses are justified and discovered through multiple regressions in SPSS.

Chapter 6 discusses the findings revealed and the significance of the hypothesised relationships between variables in the previous chapter in light of existing studies. The

chapter also explores the theoretical contributions and practical implications of the study. Within this chapter, the limitations of the study and suggestions for further research are brought forth. Finally, the conclusion of the study is addressed.

Figure1. 8 Structure of thesis



Chapter2 LITERATURE REVIEW

2.1Negotiation research issues

Theorists differ on the question of how to categorise the main schools of thought on negotiation. For example, Druckman (1997) points out four main perspectives in negotiation studies: negotiation as puzzle solving, the bargaining game, organisational management and diplomatic politics. Zartman (1988) also introduces an overview of approaches to negotiation or schools of thought, as presented in Table 2.1, based on a summary offered in Alfedson and Cungu (2008). It comprises five different levels of analysis, or core approaches. These are the structural, the strategic, the processual (i.e., concession-exchange), the behavioural and the integrative approaches.

Thus, we broadly review and categorise the previous studies on international business-negotiation issues regarding process, culture, emotion and behaviour, tension control and relationship building, complexity, negotiators' tendency, and conflict and behaviours that favourably presume and convey to the maximum information sharing, problem-solving behaviour or better profits.

Table2. 1 Five approach of negotiation

Approach	Basic features	Assumption	Limitation
<i>Structural</i>	regarding means, Positions and power	win-lose frame	<ul style="list-style-type: none"> ♦ Lock into positions might lead to lost opportunity for mutually beneficial agreement. ♦ Over-emphasis on power
<i>Strategic</i>	regarding ends, rationality, positions.	win-lose frame, existence of optimal solutions and rationality of player	<ul style="list-style-type: none"> ♦ Excludes use of power, players undifferentiated (apart from differences in the equality of options open to each)
<i>Behavioural</i>	regarding personal traits	win-lose frame, role of perceptions and expectations	<ul style="list-style-type: none"> ♦ Emphasis on position
<i>Processual or Concession exchange</i>	regarding concession-making, behaviour, positions	win-lose frame, moves as learned (reactive) responses	<ul style="list-style-type: none"> ♦ Emphasis on positions ♦ Lack of predictiveness
<i>Integrative</i>	regarding negotiation as a process: problem-solving, creating value, communicating, win-win solutions	win-win potential	<ul style="list-style-type: none"> ♦ Parties should still recognize and be prepared for encounters with non-integrative bargainers ♦ Time-consuming

Source: Alfredson and Cungu (2008); Zartman (1988)

2.1.1 Process orientation

While many scholars have stressed the importance of relational processes between parties for maintaining the goodwill and teamwork vital to the success of cooperative ventures, particularly when the national cultures of the participating firms significantly differ (Davidson 1987; Graham 1987; Hall 1985; Koot 1988; Lorange 1987), the processes themselves have received little empirical examination (Adler, Brahm and Graham 1992). In addition, the process measures, defined as qualitative and quantitative descriptions of the activities involved in business negotiations (Graham 1983), have received relatively little attention in terms of the strategies or behaviours of negotiators (Pruitt and Lewis 1975; Lewis and Fry 1977). The relationship between process measures and the outcome of negotiations has not been clearly deduced, since scholars have paid attention to process measures, their concepts and operational definitions, which have not been specified and

remain vague (Graham 1983).

According to Pervez and Usunier (2003), conceptually, the process of face-to-face business negotiations can best be represented in four stages as: (1) non-task sounding, (2) the task-related exchange of information, (3) persuasion and (4) concessions and agreement. In addition, Ghauri and Fang (2001) specifically categorised four variables based on the process concept (i.e., pre-negotiation, face-to-face negotiation and post-negotiation), background factors (i.e., objective, environment, third parties and negotiators), atmosphere (i.e., conflict/cooperation, power/dependence and expectations), strategic factors (i.e., presentation, strategies, decision-making and the need for an agent) and cultural factors (i.e., time, individualism/collectivism, pattern of communication and emphasis on personal relationships). In international business negotiations, all of the factors of strategy and the cultural dimensions are always at play in the three different stages of pre-negotiation, face-to-face negotiation and post-negotiation. This huge conceptual frame is devoted to understanding the obscure structure and process of the negotiation itself.

In line with this process perspective of negotiation, Brooks and Rose (2004) proposed the antecedents of negotiation orientation through different individual factors (i.e., Machiavellianism, compliance, aggression and detachment and motivational orientation), contextual determinants (i.e., expectation of future negotiations, reward structure, personal accountability to constituents or supervisors, relative power and time pressures), negotiator knowledge and corporate philosophy and objectives. This frame had a similar main structure for the negotiation process, but was slightly more developed than that of George, Jones and Gonzales (1998), who centred on the role of affect in connecting cross-cultural negotiation processes by proposing the incorporation of individual differences, cross-cultural differences and the context condition. They described how these factors mostly lead to distributive/aggressive bargaining behaviour or to a positive/negative spiral.

Using a similar process frame for a holistic picture of negotiations, Graham (1983) investigated the operational definitions of process measures and the relationships among the process measure-related variables in terms of the negotiation outcome in three different cultures. The main categories are composed of process measures (i.e., strategy, attractiveness, power, credibility and impression-formation accuracy), situation constraints (i.e., culture and role of the negotiator) and individual characteristics (i.e., self-esteem, extroversion/introversion and the experience of the negotiators). These categories may

have a relationship to the outcome of a negotiation (i.e., level of profit). Similarly, Graham (1985) comparatively and contrastively studied the process of business negotiations across three countries (the United States, Japan and Brazil), focusing on both verbal and nonverbal behaviours during negotiations.

Adler, Graham and Gehrke (1987) investigated the determinants of business negotiations in three countries through a laboratory simulation⁴. The negotiation process in terms of problem-solving behaviours in Francophone Canadian and Mexican businesspeople was found to be significantly different from both the American and Anglophone Canadian styles. Crucial to every business negotiation is the face-to-face negotiations that occur during the formulation and maintenance of the commercial relationship, which is drawn from social psychological and exchange theories in most of the psychological and management research (Adler 1983). One interesting development in Adler, Brahm and Graham (1992) was a comparison between American and Chinese businesspeople during simulated intra-cultural negotiations, suggesting both similarities and differences in style. For example, negotiators in both cultures were more successful when taking a problem-solving approach. Alternatively, the Chinese negotiators tended to ask many more questions and to interrupt one another more frequently than their American counterparts did. Such subtle differences in style may cause problems in Sino–American negotiations, which may, in turn, sour otherwise fruitful commercial alliances.

Recently, Adair and Brett (2005) proposed a normative model of transactional negotiation including cooperative and competitive behaviours across four stages of negotiation: relational positioning, identifying the problem, generating solutions and reaching agreement. Based on the difference in communicative flexibility between high- and low-context cultures, they demonstrated cultural-specific dyadic movements and hypotheses within and across the four stages. As they predicted, the use of cooperative and competitive strategies throughout the four stages of negotiation reveal cultural elements of the evolution of negotiations across the four stages and cultural differences in how negotiators interpret information during the negotiations. Thus, both the negotiation process and relationship building are fundamental to successful long-term business relationships; Sharland (2001)

⁴ 138 businesspeople from the U.S., 68 from Mexico, and 148 from Canada (74 Anglophones and 74 Francophones) participated in a two different role of negotiations, as a buyer-seller negotiation simulation.

combines reliable relationship measures with the findings from the negotiation literature in determining the extent to which negotiation process variables are predictors of past, present and future relationship outcomes.

Ghauri and Fang (2001) present the analysis of the Sino–Western business-negotiation process with a ‘ping-pong’ model. They clearly put forward their understanding of the negotiation process, which is that the negotiating parties interact with each other to reach mutual agreements on the terms, conditions and guidelines for future behaviour, and they divided this into several states. Based on the international business-negotiation process regarding *pre-negotiation* including lobbying, presentation, informal discussion and trust building, *formal negotiation* including the task-related exchange of information, persuasion, concession or agreement, and *post-negotiation* including implementation and new rounds of negotiations, Fang’s (1999) culture framework was combined into a ping-pong metaphor due to the complexity of the international negotiation process.

2.1.2 Cultural considerations

Among the issues on negotiation between foreign partners, the cultural issue has been investigated over the last three decades through cultural comparisons or through the examination of the specificity of negotiation behaviours or processes (Pye 1982; Graham 1985; Adler, Brahm and Graham 1992; Adair, Okumura and Brett 2001). Metcalf et al. (2006) unreservedly investigated the utility of the ten dimensions of cultural tendencies, which are goals, attitudes, personal styles, communication, time sensitivity, emotionalism, agreement forms, agreement building, team organisation and risk taking, in identifying country differences and the specific dimensions in which country differences are likely to be found from among five distinctive countries. In the same vein as the cultural scope, Brett and Okumura (1998) impressively compared and discussed inter- and intra-cultural values in terms of individualism/collectivism and hierarchy/egalitarianism considering both the American and Japanese context, proposing a joint gain as a consequence. Tung (1982) also sought to identify the mechanics of USA–China negotiations, suggesting the reasons for the failure of business negotiations as being due to the cultural differences such as communication breakdown, differences in business practices, negotiation styles, social customs and ideological differences.

The general pitfalls of attempting to generalise negotiation theory were put forward by Gelfand and Dyer (2000); it is not possible to specify the aspects of culture that account for any differences, although much of the research uses geographical location as an alternative for culture, rather than theoretical accounts of culture, as previously discussed (Hofstede 1980; Schwartz 1994). Since every behaviour and symptom may often be related to the cultural effect, culture has been a difficult concept to deal with in any consistent manner in the research (Graham 1985). Although anthropologists and sociologists have been debating definitions of culture in negotiation for many years, the operational definitions have been varied in many international negotiation studies, and Linton's (1945) definition as 'a configuration of learned behaviours and results of behaviour whose component parts are shared and transmitted by members of a particular society' has been broadly applied in negotiation research. Based on that idea, Spiro (1950) noted how 'members of a given society behave in uniform and predictable ways' and Hall's (1976) high/low-context culture distinction and individualism/collectivism have been widely utilised for the comparison of cultural responses when international negotiation issues arise (Adair and Brett 2005; Brett and Okumura 1998).

In the international context of negotiation, a society's characteristics regarding values, norms and institutions, which represent culture, provide an understanding of the different solutions that each cultural group develops to manage social exchanges such as negotiations (Brett and Okumura 1998). Although every single behaviour cannot be explained by culture, it is true that cultural values and norms offer a perception of negotiation to the members of a cultural group in order for them to interpret the situation and their partners' behaviour, and that negotiation schemas provide for a cognitive storage of information and expectations regarding negotiation, as argued in Brett and Okumura (1988) and Thompson (2005).

According to Usunier (1996), cultural behaviour varies according to the time orientation of negotiators in several ways. For example, 'Is time money?', 'How should we schedule tasks?', 'Is time a continuous line?' or 'Is past, present or future emphasised?' Thus, in Ang and Teo's (1997) study, time-processing orientation, which relates to the patterns of time use for tasks and communication, is specified in two ways (i.e., monochronic time-

processing orientation and polychronic time-processing orientation⁵) and this is referred to by Hall (1983). Differences in the time-processing orientation among cultures can also cause misunderstandings between partners and impede business negotiations (Usunier 1996; Lane and DiStefano 1992). For instance, Chikudate (1991) suggested that Japanese executives do not limit the time spent on socialising with organisational members to the workplace, but have a high level of sensitivity and concerns about developing relationships, although Americans are different.

2.1.3 Emotion and behaviour

The interest in studying the effects of cross-cultural differences in terms of negotiation behaviour has been growing (Tung 1984; Tse, Francis and Walls 1994) and has focused on the cultural issues, as discussed above. Ting-Toomey (1998) and Tse, Francis and Walls (1994) suggested that a collectivist cultural group expresses a different set of attitudes and values than an individualistic cultural group does, resulting in a different negotiation approach as a result, since cultural differences influence the manner in which people cognitively respond to situations and behave in negotiating situations, as Abramson, Lane, Nagai and Takagi (1993) proposed.

While the study into the effects of cultural differences on negotiators' cognitions and attitudes has been developed, feelings, such as the negotiators' experiences or their moods and emotions, are activated and discovered when processing information during international negotiations. Anderson and Kumar (2006) examined emotions by reviewing the existing literature on buyer–seller relationships and then articulating the role played by emotions. They pointed out how significant the concept of emotions is, which has an impact on both judgments of trustworthiness and behaviours, while they recognised the emotions that emerge in a buyer–seller relationship and introduced a model with propositions highlighting the impact of emotions on interpersonal relationships. In the same vein,

⁵ Monochronic time processing orientation (M-time; e.g., American) is a tendency of one where individuals perform one thing at a time and adhere to preset schedules, while polychronic time processing orientation (P-time; e.g., Eastern cultures, Arabic, Japanese, and Chinese) is defined by the importance placed on the involvement of people in a task performing several things at the same time and recognizing it easy to change present schedules (Hall 1983).

George, Jones and Gonzalez (1998) highlighted the determinants and consequences of negotiator positive and negative affect during the negotiations based on the affective disposition of the negotiators: A negotiator in a state of positive affectivity often tends to feel good, have a generalised sense of well-being, is enthusiastic, excited and active, and positively understands their achievement, situation and social interaction (Tellegen 1982; 1985), while a negotiator in a state of negative affectivity is prone to experience negative moods and emotions, including nervousness, distress and hostility (Watson and Clark 1984; Tellegen 1985; Watson et al. 1988).

Negotiation practitioners and scholars might be confused about the role of emotions in negotiation. For instance, the anger of negotiators is utilised as a tactic to make their counterparts yield (Sinaceur and Tiedens 2006; Van Kleef, De Dreu, and Manstead 2004), and negotiators should try not to negotiate when feeling angry, as this can bring about poorer outcomes (Allred 1999). In addition, happiness may be useful when engaging in more creative thinking (Lyubomirsky, King and Diener 2005) or harmful when making smaller concessions (Van Kleef et al. 2004). Sinaceur and Tiedens (2001) clearly found that angry negotiators tend to gain concessions from their counterparts, especially when the counterpart had poor alternatives or less power (Kim, Pinkley and Fragale 2005), while Van Kleef et al. (2004) found that concessions are poor for happy negotiators and good for angry negotiators. Thus, Overbeck, Neale and Govan (2010) recently investigated how emotions (i.e., anger and happiness) affect negotiations. They explicitly examined the complex interpersonal and intrapersonal effects of emotion, asking whether angry negotiators recognise themselves as being tougher, and whether negotiators' toughness affects the negotiation. The result was that powerful negotiators seem to benefit from anger during the negotiation, since negotiators become more cognitively focused and behaviourally tough, and claim more value with anger.

As mentioned in Wall and Callister (1995), among the emotions manifested in a number of ways such as anger, feelings of hostility, social-emotional separation, tension, anxiety and stress, negative emotions may lead to personal frustrations, low satisfaction, reduced motivation and, in turn, reduced performance (Thomas 1976; Bergman and Volkema 1989; Tobbins 1978). Thus, the emotional issues in a negotiation are suggested as a critical stream relating to cultural behaviour and conflict resolution during negotiations.

2.1.4 Tension and conflict

Regarding tension in negotiations, Lee, Yang and Graham (2006) recently identified that tension plays important, but somewhat different roles for the American and Chinese groups. For example, it is interesting that for the Chinese, greater levels of tension led to an increased likelihood of agreement, while for the Americans, tension decreased the likelihood of an agreement. In particular, the matter of the degree of tension felt and the attitude from a cultural-discrepancy viewpoint (which should be levelled out) has been emphasised in terms of the negotiation table, while most authors emphasise the negative consequences of tension and emotions in negotiations, due to decreased and ineffective communication (Verbeke and Bagozzi 2000), rigidity of thinking, reduced problem-solving activities, further escalation of emotions and worse negotiation outcomes as a result of these emotions (Lee, Yang and Graham 2006).

Conflict experienced during an international negotiation is a culturally defined event and resolution styles in different cultures are expected to differ. Thus, different conflict-resolution styles lead to different behaviours in the process, which further lead to different outcomes for the negotiations (Ma 2007). Ma (2007) attempts to investigate the distinctness in Chinese negotiations and the respective conflict-management styles employed (i.e., competing, collaborating, compromising, avoiding and accommodating), and illustrates how Chinese people approach conflicts, and thus how this affects their negotiation behaviours during business negotiations, which provides an empirical test of Chinese conflict-management styles and their impact on negotiation outcomes. Tse, Francis and Walls (1994) also conducted a study on the conflict-resolution strategies of Canadian and Chinese executives, since handling conflict is critical to any effective cross-cultural negotiations in spite of the lack of attention on this area. In particular, they specified types of conflict during the negotiation, such as task-related and person-related conflicts, investigating how person-related and task-related conflicts generate different resolution styles (i.e., compromising, obliging, avoiding, integrating and domineering) by executives of collective and individualistic cultures.

Managing conflict is critical for supporting the efficiency and effectiveness of organisations in both negotiations and ordinal situations (McCann and Galbraith 1981) due to the growth in international alliances and multinational organisations (Kanter and Corn 1994). The

conflict-management literature (e.g., Wall and Callister 1995; Rubin and Brown 1975; Rahim 1990; Tjosvold 1991; Thomas 1976) identified conflict-resolution strategies as compromising, obliging, avoiding, integrating and domineering, which are based on the level of concern the partner perceives for himself or for others. Wall and Callister (1995) proposed resolution types in the form of an explicit or tacit agreement, and an integrative resolution with both parties benefiting or a distributive resolution with one party benefiting. Tinsley and Brett (2001) presented five types of resolution outcomes when negotiators confront a conflict: integrative, distributive, compromise outcomes, going to higher management or no resolution behaviour. Interestingly, they proposed that different conflict norms across cultures may be associated with the different conflict outcomes suggested above, since norms lead behaviour (Katz and Kahn 1966), and negotiators are prone to enact conflict-resolution behaviour that reflects their own normative ideas in their own cultural context about the appropriate way of resolving a conflict (Tinsley and Brett 2001).

2.1.5 Complexity

International negotiation over types, trade or the environment is increasingly complex (Kumar, Rangan and Rufin 2005; Weiss 1993). This complexity poses two substantial challenges to negotiators in managing vertical and horizontal complexity. The increased complexity of international negotiations presents difficulties not just for negotiators, but also for the theorists seeking to develop models through which to understand negotiations and to predict or explain their outcomes. Understanding complexity management is an important dimension for analysing negotiations and one that helps to improve our understanding of the overall negotiation process (Crump and Zartman 2003). More concretely, it is also critical to consider whether theories of international negotiations could be enriched by better connecting with the real-world complexities present in current international negotiations. The success or failure of the negotiations is determined by what occurs at both tables of negotiation. As Putnam (1988) points out, the political complexities for both parties in this game of negotiation are on shaky ground.

In the international context of negotiations, complexity not only encourages inadequate informal arrangements, but also suggests the need for flexibility in relations, as it is different from the contractual approach that entails understanding all of the contingencies in advance (Kumar, Rangan, and Rufin 2005). However, since complexity often hinders

being able to specify all of the contingencies in advance, foreign counterparts possibly utilise their opportunism (Williamson 1985), which may be diminished by building trust. Thus, Kumar, Rangan and Rufin (2005) suggest contract flexibility as the best option for dealing with complexity rather than contract legalism. According to them, a relationship-oriented strategy through trust building with formal contracts is necessary when the complexity is highlighted.

The complexity of a negotiation also includes the levels of the partners as company–company, company–government and interpersonal interactions regarding business types such as sales of products, licensing, joint ventures and acquisitions (Weiss 1993). Recently, the ‘conceptual paradigm’ of international business negotiation formed by Tung (1988) presents the negotiation context, negotiator characteristics, strategic selections and processes and the negotiation outcome based on the environmental context (i.e., political, economic, institutional-legal and cultural). In terms of the process definition of a negotiation, Graham (1987) proposed the process model for all cultural keys based on the purpose or nature of the negotiators’ successive interactions, including the four phases of non-task sounding, task-related information exchange, persuasion and concessions and agreement. The ‘ping-pong’ model (Ghauri and Fang 2001) and the ‘international business negotiation framework’ (Ghauri 1996; Ghauri and Usunier 2003) were described as also being due to the attributes of complex negotiations.

2.1.6 Individual tendency

As a personality tendency exists depending on the culture of the negotiator, the tendency for particular forms of personal behaviour as a pattern has been suggested. People sometimes nominate this personality. Brooks and Rose (2004) introduced personality as having three different measurements: Machiavellianism; compliance, aggressive, detachment (CAD); and motivational orientation. Firstly, individuals with high Machiavellianism tend to be manipulative, morally unethical and detached from other people and they achieve the desired ends compared to individuals with low Machiavellianism (Singhapakdi and Vitell 1991). Secondly, based on the CAD personality construct suggested by Horney (1945) as a model of social orientation, Cohen (1967) posited how this personality’s variables potentially have a critical influence on diverse decision-makings and behaviours in the negotiation context. Thirdly, since motivation

orientation is defined as a negotiator behaving ‘in certain ways’, and expecting ‘the other to behave in certain ways’ (Lewicki and Litterer 1985), Deutsch (1960) labelled negotiators who tend to maximise the joint gains for both negotiating parties as cooperative, and negotiators who inherently maximise the difference in outcomes between two parties as competitive (Brooks and Rose 2004). Barry and Friedman’s (1998) study supported this tendency for a personality trait that either improves or hinders a negotiator’s ability to achieve either cooperative or competitive objectives.

Meanwhile, negotiators join the bargaining table from very varied backgrounds, experiences, perspectives, with varied risk-taking propensities, personalities, attitudes and motivations (Wall and Blum 1991). Due to the impact of the many differences in each individual negotiator, Rubin and Brown’s (1975) massive review study showed mixed results. Likewise, Graham (1983; 1984) showed no effects in terms of self-esteem or extroversion. Fry (1985) found no main effects for the Machiavellianism trait. Carnevale and Lawler (1986) and DuBose and Bigoness (1987) found no sex effects as an individual variable. Greenhalgh, Neslin and Gilkey (1985) examined the 31 personality variables and revealed no significant direct effect of personal characteristics on negotiation outcomes. As above, the literature provides minor support for the effect of the tendency for a particular personality trait in the negotiator to effect the negotiation.

Nevertheless, since negotiation is a form of social exchange or human interaction, many scholars examined individual characteristics for their negotiation research frame as a critical variable (Brooks and Rose 2004; Adler, Graham and Gehrke 1989; George, Jones and Gonzalez 1987; Adler and Graham 1989; Adler, Braham and Graham 1992). Interestingly, Abramson et al. (1993) studied different cognitive styles defined as consistent patterns of thought that present systematic preferences for particular information and that are utilised for the problem-solving process (Makenny and Keen 1974) based on the measurement of the Myers–Briggs Type Indicator (MBTI). Their study attempted to professionally measure personality (i.e., cognitive style) as four types (i.e., extrovert, sensing person, high in thinking person and high in judging person) in order to broadly apply their findings to the cultural behaviours of international interaction. Furthermore, beyond the effect of individual characteristics on negotiation outcomes, Evan (1963), Davis and Silk (1972) and Bagozzi (1978) discussed the relationship among similarity, attraction and negotiation outcomes, based on Evan’s idea, as ‘the more similar the parties in a dyad are the more likely a favourable outcome, a sale’ would be. Likewise, Mathews, Wilson

and Monoky (1972) concluded that a perceived similarity between counterparts leads to more cooperative behaviours and outcomes in negotiations.

2.2 Dimension of influencing factors on negotiation

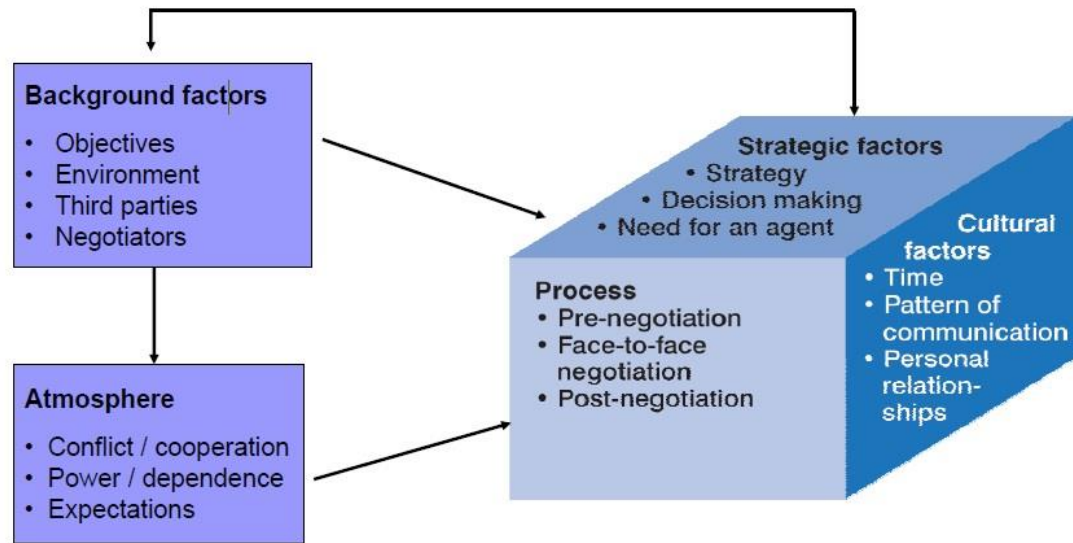
2.2.1 Three components of influencing negotiations

We have reviewed all of the issues investigated in international negotiation research above, such as process, culture, emotion and behaviour, tension control and relationship building, complexity, negotiators' tendency and conflict and behaviours. When we find a research gap where no holistic empirical model has been introduced, but where the descriptive and anecdotal evidence has been investigated, or the partial frame of the whole negotiation process has been empirically tested and confirmed, as mentioned above, we have a research gap. Thus, we are challenged to scrutinise the holistic model or structure to understand the whole process of international negotiation during face-to-face negotiations by looking into the linkages between the predictors and consequences. Strategically, the broad scope of international business negotiations involves the three main stages of pre-negotiation, face-to-face negotiation and post-negotiation (Ghauri 1996), where all of the factors are diversified into strategy, culture, personality and situation etc., which leads to us understanding and simplifying the obscure process of the negotiation itself. Then, we attempt to research the comprehensive factors through classified components that can explain the delicate situation during face-to-face international negotiations around the table, based on the previous research.

Initially, as shown in Figure 2.1, Ghauri and Usunier (2003) address a range of issues such as background factors (i.e., objective, environment, third parties and negotiators), the process of negotiations (i.e., pre-negotiation, face-to-face negotiation and post-negotiation), the problem of cross-cultural communication (i.e., time, individual vs. collectivism, pattern of communication and emphasis on personal relationships), strategies and tactics (i.e., presentation, strategies, decision-making and the need for an agent), and atmosphere (i.e., conflict/cooperation, power/dependence and expectations), especially in the international arena. Their treatment of these topics is supported by reference to real-life experiences, examples and cases and is summarised by a theoretical model. In addition, the model initially inspires us to understand and simplify face-to-face international negotiations as

our model. Their model truly provides us with a stereoscopic and realistic understanding of international business negotiations. More specifically, Tung (1998) and Weiss (1993) introduce the 'conceptual paradigm' of international business negotiations by describing the negotiation context, negotiator characteristics, strategic selections and processes and the negotiation outcomes as in our framework. Along the same lines, Graham (1983) suggested the three categories of theoretical constructs as individual characteristics, situational constraints and process measures, which have a critical impact on the outcome of a negotiation. According to Adler, Graham and Gehrke's (1987) laboratory simulation with business people from the United States, Mexico and Canada, three classes of constructs exist that determine the outcomes of negotiations: bargainer characteristics, situational constraints and the process of bargaining. The last construct (the process of bargaining) includes the strategies and behaviours negotiators use during the bargaining process itself. Recently, Brooks and Rose (2004) have attempted to discuss clearly and descriptively the antecedents and consequences of the process, representing families of constructs and their relationships among groups of constructs. Their model consists of personal factors (i.e., Machiavellianism, compliance, aggression and detachment, motivational orientation and negotiator's knowledge), contextual factors (i.e., expectation of future negotiations, reward structure, personal accountability to constituents or supervisors, relative power and time pressures), organisational factors (i.e., corporate philosophy and objectives) as determinants, collaborative or competitive negotiation orientations as a focal construct and finally, aggressive or problem-solving behaviours as consequences. Since the cultural effect is critical in the international arena, George, Jones and Gonzales (1998) newly include the cross-cultural difference variables (i.e. internalised cultural values and norms, emotional expression and linguistic style), with individual and contextual factors. Mostly, since there is always a thread of connection between the strategies and cultural manipulations during the negotiation, it is desirable to consider the cultural manipulations in the research as part of a strategic effort. In addition, it is true that the diverse perspectives, characteristics, behaviours and atmosphere reflected in prior research during the negotiation have created a need for a conceptual synthesis that is refined to describe the stereoscopic antecedents and consequences during face-to-face negotiations. Therefore, we extract the individual, strategic and contextual components as determinants of our research on international negotiations. Then, we discuss and refine the sub-variables as the representatives of each component to describe and understand the process and atmosphere of international negotiations.

Figure2. 1 Framework of international business negotiation



Source: Ghauri 1996; Ghauri and Usunier 2003

2.2.2 Individual dimension

Negotiators approach the bargaining table from considerably diverse backgrounds, indicating that their experiences and perspectives are highly differentiated. In addition, negotiation is clearly an interpersonal activity; thus, it may logical that the negotiators' dispositions will exert a significant influence on the process and outcomes of negotiations (Bazerman et al. 1987). Thus, both demographic characteristics (e.g., gender, race and age) and personality variables (e.g., Machiavellianism, authoritarianism, self-esteem, cognitive complexity and tolerance of ambiguity) have been suggested (Rubin and Brown 1975; Neale and Bazerman 1992; Lewicki et al. 2006). Personality (Rubin and Brown 1975), conflict-resolution orientation (Thomas 1992), gender (Pinckley 1990), individual experience (Graham 1983), Hofstede's cultural dimension and language similarity (Adler and Graham 1989) are some of the proposed ways through which the characteristics of the individual negotiator have an effect on the process of coalition (Money 1998). According to the viewpoint of Staw and Kramer (2005), men and women innately differ in how they handle conflict and negotiations and, broadly speaking, psychological and biological factors can affect negotiation performance, such as gender, for instance. However, many negotiation theorists have stated that for research into the 'black box' of the negotiation process, the vast majority of studies on negotiation have ignored the element of interpersonal influence (Lee, Yang and Graham 2006).

Despite the majority of research on gender differences in negotiation attempting to find individual characteristics that can be distinguished in terms of negotiator behaviour, there has been no consistent evidence to verify a main effect from gender differences in negotiator performance across hundreds of studies (Lewicki et al. 1994). Thompson (1990) argued that the findings of gender effects have been inconsistently reported and have been viewed sceptically. Therefore, we consider and focus more on the personality effect in this study. Moreover, the propensity, risk taking, personality type, attitude and motivation of each negotiator in each case definitely differs. These individual differences of negotiators must have a substantial impact on the process and outcome of a negotiation (Wall and Callister 1995). Rubin and Brown (1975) indicate that many personal characteristics, at one time or another, had a critical impact on the negotiation process or its outcome in some experiments, reviewing about 200 studies in an attempt to summarise the findings of this flow and relationship.

In particular, in more complex international negotiations (e.g., international M&A negotiations) where trade-offs among multiple issues are involved, and where there is no abstract pay-off matrix favouring mutual cooperation, other individual differences may produce a negotiating advantage (Greenhalgh, Neslin and Gilkey 1985). For example, multi-attribute negotiations require complex trade-off decision-makings based on the cognitive skills of negotiators. Thus, the characteristics of cognitive individuals such as intelligence, logical thought patterns, mental flexibility and the ability to control an opponent's opinion and lead the negotiation along a favourable track should improve the chance of successful outcomes. In addition, even the pursuit of self-interest is prone to being influenced by an individual's tendency to persist in interpersonal interactions, so that a more assertive negotiator may tend to have an advantage as a negotiator.

Although the negotiator's personality has been particularly recognised as having a significant impact on negotiations, mostly only one or two factors have been explored at any one time (Greenhalgh, Neslin and Gilkey 1985). Moreover, in the international negotiation context, the issues of personality or individual behaviour are often associated with cultural behaviour patterns (Tung 1982; Adair and Brett 2005), since a negotiator definitely has a certain kind of tendency to behave in a particular manner depending on his or her culture. For example, Morris et al. (1998) explore further how personality determines the type of conflict resolution employed, which is affected by culture, as culture has

practical implications during international negotiations across countries. Apart from this cultural consideration, Wall and Callister (1995) suggest that there is again some evidence that personality characteristics generate conflict, as Baron (1989) found that individuals with a Type-A personality report a higher frequency of conflict than those with the Type-B personality do. In addition, reviews of the negotiation literature by Thompson (1990) and Wall Blum (1991) revealed that personality and other individual differences had an impact on the outcomes of negotiations. Graham (1983) also proposes the effect of self-esteem and extroversion/introversion on negotiation outcomes. Approaching the international negotiation process as being between cooperative and competitive in nature, Brook and Rose (2004) describe negotiator personality, suggesting the three types of personality measurement paradigm as Machiavellianism (Ghristie and Geis 1970), the social-orientation trait (Horney 1945) and motivational orientation (Deutsch 1960)⁶.

With respect to international negotiators' influencing factors, many researchers also suggest their working experience in international negotiations as a factor. Adler, Graham and Gehrke (1987) suggest the characteristics of negotiators should incorporate their experience, which is measured by their number of years of work experience, age and partner contacts outside of the company, indicating that negotiation experience has a positive effect on the performance of it based on the mechanism of learning theory (Graham 1983; 1985a). George, Jones and Gonzalez's (1998) model introduces the extent and nature of negotiators' past experience in cross-cultural negotiations as a second individual difference factor that has significant effects on the ways in which they cognitively process information surrounding the negotiation itself. In the context of cross-cultural negotiations, negotiators will rely on their pre-existing schemas to make sense of and process information during current negotiations.

Interestingly, George, Jones and Gonzalez (1998) suggest affective disposition and experience in cross-cultural settings as individual differences. Basically, they emphasise how the feelings that the negotiator experiences or their emotions and mood act in information processing during cross-cultural negotiations. In other words, according to the personality theories, humans behave in a certain way depending on the type of personality

⁶ Horney's (1945) social orientation trait is composed of compliance, aggression and detachment (CAD). Deutsch's (1960) motivational orientation is comprised of cooperative, individualistic, and competitive as a personality variable in Lewicki and Litterer 1985 and Rubin and Brown 1975).

that they were born with. For example, a person with high positive affectivity is likely to perceive others in a positive light, and enjoy social interaction with positive feelings and moods, even during the negotiation process, while a person with negative affectivity is likely to be stressed by their thoughts and behaviours, with negative feelings and moods arising, such as being nervous, fearful and hostile, even across negotiation situations over time (George 1996; Tellegen 1982; 1985; Watson and Clark 1984). Given that negotiators' behaviour is as affected by their moods and emotions (i.e., affective processes) as it is by their attitudes and values (i.e., cognitive processes), it is important that a model of the cross-cultural negotiation process takes into account the role of affect (Barry and Oliver 1996; George 1996). Additionally, positive or negative affectivity (Watson and Clark 1984; Tellegen 1982; 1985) is ultimately related to the five-factor model of personality being empirically supported (Church and Burke 1994; Digman 1990; McCrae 1989), meaning that the affective trait might be decided by a personality domain.

In Adler and Graham (1989), negotiator similarity is emphasised, which is associated with the attractiveness of negotiators, then joint outcomes. In other words, Evan (1963), Davis and Silk (1972) and Bagozzi (1978) introduce the relationship between similarity, attraction and outcomes. According to Evan's (1963) work, the three constructs form a causal relationship with attraction in the middle. Thus, negotiators from the same culture with a high level of similarity are expected to be more attracted to each other and achieve higher negotiation outcomes, proposed as profits and satisfaction. Especially, this perceived similarity between counterparts that leads to attraction elicits behaviours that are more cooperative during face-to-face negotiations (Mathew, Wilson and Monoky 1972). However, Simons, Berkowitz and Moyer (1970:9) note that 'the relationship between attraction to a source (like-dislike, friendly feeling, etc.) and attitude change has received scant attention'. For instance, Graham et al. (1988) have shown that a negotiator's attractiveness positively influences their partner's satisfaction in simulated negotiations. Rubin and Brown (1975), in their review of the negotiation literature, conclude that interpersonal attraction generally enhances bargaining outcomes. Therefore, to the extent that a person receives rewards from a relationship with a negotiator whom he or she perceives as attractive, that person will be more satisfied even with the negotiation outcome. In terms of the psychological process of negotiators in face-to-face scenarios, McGuire (1968) explains that when people are attracted to each other, they will even make sacrifices (i.e., concessions in a negotiation) to preserve the gratifying personal relationship. Thus, an individual bargainer may give up economic rewards for the social rewards of a

relationship with an attractive partner. To the extent that one receives rewards from the relationship with an attractive partner, the person will be more satisfied with the relationship (or in this case, with the negotiated agreement). Moreover, Zunin and Zunin suggest that during the first few minutes of a conversation, ‘decisions’ are made about interpersonal attractiveness and whether to continue with the interaction or not, and they confirmed this across cultural groups. Therefore, in this research, we try to scrutinise the negotiators’ characteristics that have a dramatic influence during face-to-face negotiations, such as attractiveness and their personality.

2.2.3 Strategic dimension

It is extremely important that the negotiators thoroughly build up how to present their idea; negotiators need to determine which type of strategy or decision-making process should be used during the negotiation (Ghauri and Usunier 2003). Adler, Graham and Gehrke (1987) propose that bargaining strategies are understood to follow a representational and instrumental continuum⁷ (Angelmar and Stern 1978). Especially, the relationship between representational bargaining strategies and negotiation outcomes has been investigated frequently over the last few decades (Adler et al. 1987), and Angelmar and Stern (1978) actually assumed an intimate relationship between psychological states (i.e., cooperative or individualistic orientation) and behaviours (Copeland and Griggs 1985; Rubin and Brown 1975), noting that cooperative negotiators are prone to using representational communications and individualistic bargainers are prone to using instrumental communication. Regarding the strategic perspective of negotiation, Pruitt’s (1981) strategic choice model suggests three basic strategies used by negotiators: unilateral concession, contentious behaviour and coordinative behaviour. In detail, contentiousness involves competitive tactics with contrived arguments, which highlights the degree to which a negotiator’s objective is to reach an agreement, despite asymmetrical satisfaction and non-agreement risks; coordinative behaviour involves the exchange of information that satisfies both parties; and a unilateral concession occurs primarily when a negotiator expects to get an agreement at any cost. Tinsley (2001) explains how persuasion is more or less a universal and useful strategy, although it might differ across cultures. Then, the range of different

⁷ Angelmar and Stern (1978) proposed and defined representational communication behaviours involve the transmission of information, and instrumental communication behaviours involve influencing another party.

conflict strategies such as integrating interests, applying regulations and deferring to status power were introduced, and these may be used to negotiate a conflict arising from the negotiation, since the negotiation is dependent on strategically managing the conflict between two parties during the whole journey. In addition, since negotiators' behaviour is tactical and strategic, negotiator influence tactics have been investigated in diverse contexts (e.g. simulations, interpersonal bargaining within firms, international business and marketing channels) (Adler and Graham 1989; Bacharach and Lawler 1981; Deluga 1991; Frazier and Summers 1984; Kale 1989; Kipnis and Schmidt 1983; Roering 1977; Rubin and Brown 1985). Rao and Schmidt (1998) employ Kipnis and Schmidt's (1985) parsimonious classification of influence tactics through the three categories of hard, soft and rational tactics to explain negotiator influence tactics in the international arena. Their theoretical category includes how the negotiators digest all of the factors encountered during the negotiation such as power culture, conflict, trust, individual characteristics and time perception. These aspects might act to moderate manipulation in both expected and unexpected situations. More specifically, Adair et al. (2004) emphasise the communication and power strategies distinguished across cultures, since the literature on cross-cultural communication and information sharing suggests dealing with a customised strategy depending on the cultures involved in international negotiations, sometimes even through high- or low-context cultures (Hall 1976). Ganesan (1993) defines how negotiation strategies are interaction patterns that are managed by both parties in a conflict situation to accomplish the resolution of the conflict, while suggesting five types of relevant strategies: (1) competing or aggressive strategy, (2) collaborating or problem-solving strategy, (3) compromising strategy, (4) avoiding strategy and (5) accommodating strategy.

Most strategy-oriented research considers negotiations as transaction costs (Williamson 1979; Kogut 1988) or estimates that they are profitable methods in the core strategies of firms, which are significantly related to the outcome of the negotiation. However, it is true that everything could be a strategy, depending on the researcher's perspective and research goal. For instance, most of the cultural behaviour exhibited by negotiators might be a strategy of communication and a power strategy, as introduced in Adair et al. (2004), meaning that the manner of communicating and of perceiving the power are definitely differentiated by different cultures. In addition, cooperativeness and competitiveness are introduced as a negotiator's general strategy or conflict frame (Rao and Schmidt 1998), or often as an outcome or process variable of negotiation (Brett, Shapiro et al. 1998; Books and Rose 2004). On the other hand, Rao and Schmidt (1998) suggest such a persuasive

strategic frame as comprising hard, rational and soft tactics, which is effectively used regardless of any other factors or strategies that are affected during the negotiation. That is to say, all kinds of strategies and environmental situations should be skilfully filtered by this category of tactics. In addition, since multi-attribute negotiations that require complex trade-off decisions between individual cognitive skills, intelligence, logical thought patterns, mental flexibility, and the ability to steer an opponent's thinking and keep the negotiation on track, the negotiation might be strategically enhanced for the likelihood of successful outcomes by these three meta-categories, for example.

2.2.4 Contextual component

Tung (1998) and Weiss (1993) state that the 'conceptual paradigm' of international business negotiation explains the environmental factors as antecedents. This environmental context including the political, economic, institutional-legal and cultural aspects is part of the overall negotiation paradigm alongside the negotiator's characteristics, strategic selections and processes and the negotiation outcome. Examining the larger picture, Ghauri and Usunier (2003) describe how a fundamental element of negotiations is the atmosphere surrounding the talks as a part of the negotiation. They define atmosphere as 'the perceived "milieu" around the interaction, how the parties consider each other's behaviour, and the properties of the process'. They also make the point that the atmosphere and the negotiation process 'affect each other through interaction at each stage'. Their notion of atmosphere is conceptually analogous to Amir's (1969) social climate and Baron's (1990) environment. All of these authors emphasise how the atmosphere often affects the negotiation process, including the tension levels that are experienced during the process (Lee, Yang and Graham 2006).

However, regarding this overwhelming variable of negotiation, some researchers have simply defined the situational constraint as a part of the different negotiator roles of seller and buyer across several cultures (Adler, Brahm and Graham 1992; Adler, Graham and Gehrke 1987). Brooks and Rose (2004) define the negotiation atmosphere as competitive or cooperative, and in the long run, it is often a difficult scenario, and circumstances or the situational context during the negotiation may govern the negotiators' behaviour in unnatural ways outside of their usual personality traits. In other words, it is important to highlight that these contextual determinants of the negotiation process may sometimes

overpower individual dispositions in some negotiation contexts (Donohue 1978).

While researchers have been studying the dynamics of negotiation processes, particularly the study of dyadic negotiations, for years (Thompson 2005; Pruitt 1981; Pruitt and Carnevale 1993), many of the contextual components that influence negotiation outcomes have been elaborated on by relying primarily on lab experiments, such as whether people negotiate individually or in groups (Kramer 1991), the number of issues in dispute (Yukl 1974; Pruitt and Lewis 1975), the presence of time deadlines (Carnevale and Lawler 1986) and the presence of power differences (Bachrach and Lawler 1981). This previous research also broadly indicates such contextual determinants as expectations of future negotiations, reward structures, personal accountability to constituents or supervisors, relative power and time pressure (Brooks and Rose 2004).

With respect to relative power, many scholars have defined this in various ways. For example, in the case of negotiation, power has a role to induct the other party to set an agreement and fewer outcomes than one party's maximum utility through the individual, strategic and contextual situations of the negotiation process. This takes the form of inducting the other to settle for an outcome of less than his or her maximum utility (Greenhalgh, Neslin and Gilkey 1985). This result can be achieved through tactical skill or situational power. Asymmetrical situational power has been manipulated in the laboratory, with the observed result being that the more powerful party used that power that they had in general (Rubin and Brown, 1975) and, as a result, they had a better outcome than the weaker party did. In an exchange relationship, the counterpart's potential power exists in the perceived dependence of the other party (Emerson, 1962). When two parties expect to collaborate, they intend to gain and access their partner's resources, even when taking into account the risk involved in sharing their own resources with the other party. Thus, as Chamberlain (1950) argues on the importance of relative power, the negotiator's relative power lies in, and is considered only in terms of the relationship with the other partner in the negotiation. However, there are two different streams of thought that explain about the behaviour or the outcome of the party who has relative power over the other. Some scholars insist that negotiators with more power do not reciprocate concessions (Michner, Vaske, Schleifer, Plazewski and Chapman 1975), meaning that negotiators perceiving themselves to be in a relatively low position or position of power, due to a limited number of valued resources or alternatives, tend to use 'weapons of the weak' (Rubin and Zartman 1995), including information exchange, forming coalitions with secondary parties or friendliness.

Therefore, dependent negotiators usually use fewer threats and are more willing to comply with their counterpart's requests (Dwyer and Walker 1981; Rubin and Brown, 1975), expecting a cooperative atmosphere between the two parties.

Regarding the effect of time pressure during the face-to-face negotiation, Carnevale and Lawler (1986) found that time pressure (telling negotiators they had 5 minutes versus 25 minutes to negotiate) increased the use of contentious tactics by negotiators and negatively impacted outcomes, as negotiators under high time pressure achieved fewer valuable outcomes than negotiators under low time pressure.

Conversely, since the time-pressure effect during the negotiation is controversial, many scholars support the positive effect of time pressure on joint outcomes, cooperativeness or even the concession rate (Smith, Pruitt and Carnevale 1982). For instance, Pruitt and Johnson (1970) found that time pressure generates a faster concession rate, as Smith, Pruitt and Carnevale (1982) also found. That is to say, in general, a deadline reduces demands, enlarges the possibility of concessions, induces negotiators to reach an agreement and assures the negotiators' move towards flexible and concessionary behaviours (Lewicki and Litterer 1985). As a result, it is strongly supported that time pressure may accelerate cooperative behaviour and stimulate mutual agreements through harmonious communication and collaboration. Among those contextual determinants considered previously, we re-categorise based on the main structure in the individual, strategic and contextual frame. Therefore, we recognise *time pressure* and *relative power* as the critical factors, as in the contextual frame.

2.3 Outcomes of negotiations

Researchers often discover that the outcomes of business negotiations are difficult to measure and compare, although different studies have operationalised negotiation outcomes in a number of ways. Much of the negotiation research is mostly operationalised with simulations and experiments measuring the negotiation behaviour and its performance as outcome variables, which are analytically measured from two perspectives (i.e., economic and social psychological measures). Economic measures primarily deal with the outcomes or products of the negotiation and are based on the normative perspective of negotiation behaviour and on the principle of individual rationality, although that does not

enumerate the process or method necessary sufficiently enough to yield such outcomes (Nash 1953). However, economic measures of performance in negotiation are specifically categorised into the three measures of mutual agreement, integrative bargaining (i.e., creating resources) and distributive bargaining (i.e., claiming resources), but they are always assessed and decided upon based on the negotiators' reservation prices, efficiency or *pareto optimal* (Thompson 1990b; Raiffa 1982). Regarding the social psychological perspective, the measures of negotiation performance are obviously grounded on social perception as perceived by the negotiators, when considering the bargaining situation and behaviour of their counterparts (Allport 1955; Thompson and Hastie 1990). Negotiators' perceptions of the bargaining situation are often excessively inconsistent with an objective economic analysis and even in terms of the perception of the partner (Baserman and Carroll 1987; Thompson and Hastie 1990), since both parties in the same conflict situation may have asymmetrical perceptions about the issue or conflict depending on their situation or power position (Hammond et al 1975; Pinkley 1990).

According to the review of the previous research on the outcomes of negotiations, there are some streams of research such as profit (i.e., individual profit and joint profit) (Dwyer and Walker 1981; Clopton 1984), satisfaction (Dwyer 1980; Ma 2007), the integrative and distributive continuum (Lewicki et al. 1994; Walton and McKersie 1965) and the problem-solving approach (cooperative or integrative approach) (Money 1998). However, most of them are generally viewed as a joint outcome of negotiation belonging to a psychological measure or to the affective status itself. For instance, Ganesan (1993) suggested three categories or strategies for negotiation: problem solving, compromise and an aggressive strategy. Conlon and Hunt (2002) extend the affective aspects of negotiations by examining the effects of defining negotiation outcomes in four different ways as happy faces, unhappy faces, positive numbers and negative numbers, which lead to longer negotiation times and higher impasse rates. Various studies have also used sale versus no sale, an obvious measure of bargaining effectiveness (Pennington 1968), profits obtained by bargainers (Rubin and Brown 1975) and a combination of individual and joint profits (Dwyer and Walker 1981; Clopton 1984). In the negotiation experiments that have been conducted by social psychologists, one of the measures used is the profit achieved by the negotiators in negotiation simulations (cf. Rubin and Brown 1975). Both individual and joint profit in negotiation simulations have been used as a dependent measure in business studies (Clopton 1984; Dwyer and Walker 1981; Graham 1983). For instance, in the hundreds of bargaining experiments previously conducted, a commonly used measure of negotiation

outcomes is both the individual and joint profit attained by negotiators in negotiation simulations (Rubin and Brown 1975; Clopton 1984; Dwyer and Walker 1981). Beyond profits that have been used as dependent measures in business studies (Clopton 1984; Dwyer and Walker 1981; Graham 1983), negotiator satisfaction is an important psychological measure of success, especially if the partners desire a continued relationship in the future. Dwyer (1980) has developed and tested the reliability of a scale for measuring the satisfaction of bargainers in three dimensions: (1) satisfaction with one's own rewards, (2) satisfaction with one's partner's rewards and (3) satisfaction with one's own performance. Given the dual importance of profit as a project achievement and satisfaction as relationship building, especially in international negotiations (Laurent 1983), some research has focused on employing both as outcomes (Adler and Graham 1989; Graham 1986; Rubin and Brown 1975). For example, Graham (1986) investigated relationships between the problem-solving approach and a negotiator's individual profit and their bargaining partner's satisfaction. This view finds that negotiators usually try to maximise their own economic rewards, while attempting to keep partners satisfied. That is, negotiators really are involved in a difficult balancing act between maximising their own profits and the satisfaction of their clients. Brookmire and Sistrunk (1980) also measured the satisfaction with the outcomes of negotiation in terms of the number of settled contracts and the total amount of dyadic money gained. Consistent with several studies reviewed by Rubin and Brown (1975), statistically significant relationships were discovered between a negotiator's problem-solving approach from a psychological perspective and the negotiator's own profit from an economic perspective. That is to say, in the previous research on international negotiation issues, both economic and psychological measures have been employed as a dependent variable. Graham has mostly manipulated joint and individual profit in his research. Meanwhile, most research has employed satisfaction, the problem-solving approach, cooperativeness or the integrative/distributive process as dependent variables or outcomes of the negotiation. As above, the outcome variables are inclined to be focused more on the psychological measures, since the perceived outcome in terms of the atmosphere felt during the face-to-face negotiation or even after the table negotiation may have a critical effect on further relationship building.

Interestingly, apart from profit and satisfaction as outcomes of negotiations, integrative and distributive processes or behavioural strategies during the negotiation have been introduced in order to measure the success or failure of negotiations. As similar terms, a cooperative or a competitive atmosphere or behaviour have also been introduced with the problem-

solving approach. Cooperativeness (i.e., the problem-solving approach) and competitiveness during the process of negotiation have also been emphasised as an atmosphere or process variable, corresponding to the integrative and distributive approach. For instance, Rao and Schmidt (1998) define and explore a cooperative or competitive atmosphere, considering it as a strategic dimension in the behaviour perspective, while it is assumed as an outcome or atmosphere variable of negotiation in the process perspective. Especially, Money (1998) repeats the concept of the problem-solving approach in negotiations, which is defined as the degree to which bargainers use cooperation, collaboration and information exchange in arriving at a solution (Graham, Mintu and Rodgers 1994), or what Lewicki et al. (1994) describes as 'integrative negotiation'. In contrast, the lack of a problem-solving approach (or 'distributive' bargaining) would be characterised by a win-lose or zero-sum approach. There are a number of research papers on interactive and distributive communication in terms of the process or strategy focus, and sometimes this is employed using slightly different terminology instead. In other words, different researchers have used various labels such as integrative bargaining strategies (Walton and McKersie 1965), cooperative orientation (Rubin and Brown 1975; Williams 1983), problem-solving orientation (Pruitt and Lewis 1975; Menkel-Meadow 1984; Murray 1986), representational bargaining strategies (Angelmar and Stern 1978) and direct/open influence tactics (Weitz 1981), yet the findings and the basic concept have been relatively consistent. For example, the relationship regarding a problem-solving approach to negotiation outcomes has been investigated frequently for more than three decades, although researchers have used different labels for the problem-solving approach concept, but the findings have highlighted how the problem-solving approach positively influences joint negotiation outcomes. Graham, Mintu and Rogers (1994) even explored the universality of a problem-solving model of business negotiations using 700 business people from 11 cultures as participants in a bargaining simulation. In essence, the problem-solving approach to business negotiations is defined as a set of negotiation behaviours that are cooperative, integrative and information exchange-oriented. Even as a strategy perspective, this tends to maximise the number of alternative solutions considered, thus allowing negotiators to optimise outcomes. In general, the problem-solving approach has been found to influence negotiation outcomes positively in various ways. For instance, the problem-solving approach to negotiations initially involves an emphasis on questions and on getting information from the counterpart about their needs and preferences. Then, once the counterpart's requirements and circumstances are completely comprehended, the negotiator accommodates the offering for their counterpart. The focus is on cooperation

and an integrative approach, wherein the needs and goals of both parties are honestly discussed and eventually satisfied (Pruitt 1981; Pruitt and Rubin 1986). In the same vein, as Pruitt (1981) notes, an agreement is 'integrative' when it reconciles (i.e., integrates) the negotiator's interests and yields benefits to both at the end of the process. This concept emphasises that an increase in one party's benefits need not create a reduction for the other.

Since Walton and McKersie (1965) first distinguished between integrative and distributive negotiations, these two types of negotiation have been the focus of much research (Barry and Friedman 1998; Lax and Sebenius 1986; Pruitt and Carnevale 1993). Integrative behaviours generate joint gains and distributive behaviours lead to conflicts initially (Brett, Shapiro et al. 1998; Olekalns and Smith 2000; Putnam and Jones 1982; Weingart et al. 1999; Wall and Callister 1995) – a robust finding in the previous negotiation literature. Relative to distributive negotiations, the characteristics of integrative negotiations provide a greater opportunity for more trust and openness between negotiating parties, the exchange of accurate information, predictability and the abandonment of negative images of the other side (DeRue et al. 2009). In general, during the negotiation, if one party achieves its goals, the other party is not precluded from also achieving its goals, although the essential concept of an integrative negotiation is that it allows both sides to achieve their objectives (Walton and McKersie 1965). Therefore, the relationship or terminology of integrativeness during the negotiation has been investigated frequently because of its ideal attributes.

After browsing the integrative negotiation literature, we proposed to employ the problem-solving approach, which is the same as cooperativeness or integrativeness, during the face-to-face negotiation as an outcome variable of this research. It is true that the practicing negotiators are not fully expected to search futilely for a 'win-win' agreement in every negotiation and researchers cannot anticipate that their findings in integrative experiments can be applied to all negotiating situations. In a practical world, when it comes to negotiation, there are two schools of thought (e.g., win-lose and win-win negotiations). Win-lose negotiations are and always will be an uphill battle. Although the relationship in negotiations is very naturally adversarial, the goal of a win-win negotiation is to reach an agreement that satisfies both parties, who can then feel happy that the negotiation has been fair and that they have improved in their respective positions at the conclusion of the negotiation. The true test of a win-win outcome is whether each of the negotiators would want to enter into another negotiation with the partner in the future, thus maintaining their valuable reputation gained from the negotiation.

Regarding the other stream for the negotiation process, Walton and McKersie (1965) suggest that the opposite of problem-solving strategies is distributive bargaining strategies, wherein the goal is to change a negotiating partner's attitudes, attributions or actions. This type of negotiation can be expected to achieve individual reward or profit, but not cooperativeness between partners in a positive way and is confined to negotiators from Germany, the United Kingdom, Mexico and Canada (Graham et al. 1988; Campbell et al. 1988; Adler et al. 1987). DeRue et al. (2009) also anticipate that the deleterious effects of trust and openness between negotiating parties, leading to the exchange of accurate information, predictability and concessions may be worse in distributive negotiations than in integrative negotiations. This is because the straightforward and honest characteristics are inconsistent with the demands that are placed on a negotiator in a distributive bargaining context. Lewicki, Saunders and Minton (1999) stated that 'distributive bargaining is basically a conflict situation, wherein parties seek their own advantage – in part through concealing information, attempting to mislead, or using manipulative actions' (DeRue et al. 2009:106). As the goals maintained by the negotiating parties are usually in fundamental and direct conflict with one another and resources are fixed and limited, each party in a distributive negotiation engages in behaviour directed at maximising its share of the outcomes to be obtained (Lewicki et al. 2006). Others (Johnston 1982) have also suggested that distributive negotiations lead to the use of unpredictability, surprise, threats, bluffs, hostility and the creation of negative images of the other side. Therefore, again we propose and confirm the cooperative process of negotiation as an outcome variable of our research even for future relationships and the win-win perspective, which will improve the joint outcome in the end. Moreover, according to the previous research, negotiators in both cultures are more successful when taking a problem-solving approach, employing an integrative continuum or cooperativeness.

2.4 Theories explaining negotiations

2.4.1 Transaction cost theory

If the negotiation process and behaviour are interpreted based on the transaction cost theory, the behaviours in negotiating, contracting, implementing and monitoring an agreement can be explained as transaction costs. Since negotiation is generally defined as a process by

which people or firms attempt to establish what each party may give and take or perform and receive in a transaction between them (Rubin and Brown 1975), the attempt to minimise their collective sum of production and transaction costs, mentioned by Williamson (1975; 1979), is critical in both win–lose and win–win frames of negotiation.

The transaction cost occurs when formulating a collaboration, which is manipulated by humans (e.g., negotiators). Due to the human factors including opportunism and bounded rationality (Williamson 1975; 1979), we emphasise the importance of the negotiators' characteristics and the attractiveness between them. The contextual components composed of perceived time pressure and relative power can be proposed based on the environmental factors including uncertainty and a small number of negotiating partners, as in Williamson (1975; 1979) and Parkhe (1993). Opportunism is both a central concept of transaction cost studies and a part of the important economic activities of transaction-specific investments performed during negotiations (e.g., Williamson 1975; 1979). Based on the transaction value perspective proposed in Zajac and Olsen (1993), a firm's tendency towards opportunism with a small number of negotiation partners, which causes a transaction cost problem, is often dominated by the firm's estimate of the negative impact. In other words, the purpose is to minimise the transaction costs and increase the benefits associated with pre-empting the opportunistic behaviour of negotiators, while maximising the net value and benefit in the exchange relationship (e.g., negotiation). Moreover, the maximisation of benefits requires recognition of the interdependence of the exchange partners (Zajac and Olsen 1993) as a perceived relative power frame, as suggested in this study.

During the collaboration process, performance may be hindered by the opportunistic behaviour of firms or negotiators. Negotiators may believe that their firms can achieve benefits through collaboration (e.g., cooperativeness), while one party unilaterally obtains a competitive advantage (e.g., competitiveness) (Fang 1997). The cooperativeness between partners that this study focuses on as a joint value is ignored by the transaction cost approach to inter-organisational strategies created for competitive and strategic value, and they also have significant transaction costs (e.g., Zajac and Olsen 1993). The examples presented by Zajac and Olsen (1993) are resources at risk and inter-firm coordination efforts (e.g., negotiation), which may be highly inefficient in terms of the transaction cost perspective.

2.4.2 Power dependence theory

In explaining social power, the concept of social power is viewed as having three major theoretical orientations: field theory (Cartwright 1959; French and Snyder 1959), social-exchange theory (Emerson 1962) and political science theory (Dahl 1957; Kornberg and Perry 1966). It is true that many scholars define power in various ways, and in general, it is broadly accepted that 'A has power over B to the extent that A can get B to do something that B would not otherwise do' (Dahl 1957). However, more importantly, power is conceptualised as a relationship between two parties. That is to say, a number of power theoreticians (Dahl 1959; Emerson 1962; Kornberg and Perry 1966; Wrong 1968) have emphasised the significance of managing power as a relationship instead of an attribute in itself.

Studies of power in negotiation are typically based on the theory of power dependence (Gerhart and Rynes 1991; Mannix, Thompson and Bazerman 1989). Power-dependence theory states that 'the power of A over B is equal to and based upon the dependence of B upon A' (Emerson, 1962:32–33). Dependence, in turn, is based on two dimensions: (a) It is directly proportional to the value attributed to the outcome at stake and (b) it is inversely proportional to the availability of this outcome through alternative sources. Thus, given any two parties, Alpha and Beta, Alpha's power is directly related to the degree to which Beta can receive greater benefit from the relationship with Alpha than Beta can get from alternative relationships. Similarly, Beta's power is directly related to the degree to which Alpha can receive greater benefit from the relationship with Beta than Alpha can get from alternative relationships.

Basically, this power dependence is a property of the relationship in balance if both parties perceive that they have equal power. However, it is unbalanced if one of the parties perceives itself as having more power, or if one party is dependent on the other, as in many cases of negotiation. Negotiators have power when they have 'the ability to bring outcomes they desire' or 'the ability to get things done the way them to be done' (Salancik and Pfeffer 1977). It can be assumed that a party with power can entice another party to do what the counterpart otherwise would not do, thereby influencing the process of the negotiation (Dahl 1957; Kotter 1979). When two parties do not hold an equal position of power in a negotiation, the one with the higher relative power will tend to approach the negotiation more competitively than the other does. The party with greater power has the opportunity to exploit this advantage by demanding more concessions from the other party and yielding

fewer concessions of their own than would otherwise be the case (Boster and Kazoleas 1995; Dwyer and Walker 1981; MaAlister et al. 1986; Pruitt 1981).

Power-dependence theory (Blau 1964; Emerson 1962) provides a framework for conceptualising relative and total power. Brooks and Rose (2004) state that negotiation processes are influenced by power relations within the negotiation setting. If there is a big difference between two parties' perceptions of the power situation, there will be no deal because a deal can only be made if this situation is acceptable to both parties (Ghauri and Usunier 2003). For instance, if one of the parties perceives more dependence, the other party is most likely to perceive more power. Most negotiators thus actively seek power, as it gives them an advantage over the more dependent party. In the meantime, power has been defined in different ways by different authors (Salancik and Pfeffer 1977; Emerson 1962).

2.4.3 Conflict resolution theory

Conflict is defined as “*The perceived or/and actual incompatibility of values, expectations, processes, or outcomes between two or/and more parties over substantive or relational issues*” (Ting-Toomey 1994, p. 360). Conflict can be either an individual or social approach Schellenberg 1996; Jensen-Campbell and Granziano (2005). According to Jensen-Campbell and Granziano (2005), the interpersonal conflict stems from three apparently-panhuman psychological dispositions: 1) people differ in their attitudes, beliefs, knowledge, and life experiences; 2) Such differences induce people to egocentric, and often to have difficulty perceiving the perspectives of others; and 3) People are generally motivated to protect and promote their own self-interests. However, conflict-resolution theory is mainly discussed as a social conflict instead of individual conflict, since groups of people compete their interests, identities, or attitudes (Schellenberg 1996). Lewicki, Barry and Saunders (2006) proposed two levels of conflict-resolution theory as a micro approach in a country level, or macro approach in a global level (e.g., cross-border activities) through social exchange process in order to understand conflicts and resolve them. Therefore, the conflict-resolution perspective can be defined as a social conflict to reduce it for purposeful settlement if topic in dispute.

Meanwhile, Conflict resolution is defined in abstract terms as behaviors aimed at resolving perceived incompatibilities (Boulding 1963; Thomas 1976). Yet, the particular method by

which a manager resolves incompatibilities may differ across cultures, since conflicts and misunderstandings are inevitable consequence of increasing intercultural interactions. Thus, the need to understand differences in how the peoples of the world approach resolving these conflicts is greater than ever before. (Peason and Stephan 1998). Therefore, managing conflict is critical for sustaining organizational efficiency and effectiveness (McCann and Galbraith 1981) especially between two foreign partners. Growth in multinational companies and international alliances (Kanter and Corn 1994), as well as increased diversity within a country's workforce (Jackson, Stone, and Alvarez 1992), suggests that individuals from diverse backgrounds will be working together in organizations. An increase in diversity is often associated with an increase in conflict (e.g., Jehn, Northcraft, and Neale 1999). In other words, when two foreign partners negotiate in a joint project, buyer/seller relationship or any other business context, conflict inevitably arises (Habib 1987). It may arise because of differences in the perceptions of the decision-making environment, or preferences for a particular action, behavioural styles and/or goals between parties (Fisher 1974). Increased chances of conflict suggest that partners should be aware of the conflict management strategies used by colleagues or partners from other cultures so as to avoid misunderstanding their counterpart and further exacerbating the conflict (Tinsley 2001). Thus, how the foreign partners respond to conflict also depends on a number of factors, including the nature of the conflict, the cultural orientation of the individuals and the affiliation of the partners (Tse, Francis and Walls 1994). Also, in order for successful conflict resolution between two foreign partners, the knowledge of the similarities and differences between two cultures

2.4.4 Socio-exchange theory

The basic theoretical perspective underlying all hypotheses in international negotiation studies is drawn from social psychological theory (Rubin and Brown 1975; Sawyer and Guetzkow 1965; Thibaut and Kelley 1959) and exchange theory (Bagozzi 1978; Homans 1974). Adler, Brahm and Graham's (1992) three main constructs of the negotiation process, situational constraints and negotiator characteristics are considered as determinants of negotiation outcomes. In addition, many scholars have actually suggested that these constructs are based on both the social psychological and the exchange theory, since social psychology is one of the best-represented disciplines in negotiation research (Druckman 1977; Pruitt 1981; Rubin and Brown 1975). While Gelfand and Dyer (2000) dispute the

difficulty in generalising negotiation theory, much research actually ignores the psychological processes such as information processing and the motives that are involved in negotiations, especially between two cultures. As such, we rarely understand about the psychology of negotiation in different cultures; there is a 'black box' that remains unopened in the area of culture and negotiation research. Therefore, substantial research is being undertaken in the negotiation-theory area that reviews negotiation generally from three different viewpoints, focusing on psychology (from a cognitive, social or behavioural psychology viewpoint), negotiation analysis (from a game-theoretic and decision analysis viewpoint) and game theory (from an economic viewpoint).

According to Emerson (1976), social-exchange theory has emerged and has combined sociology and social psychology based on four key historical figures' work: George Homans, John Thibaut, Harold Kelley and Peter Blau⁸. Social-exchange theory is based on social exchanges in economic terms and it suggests that an intervention involves the voluntary exchange of resources. Individuals, groups and organisations have resources they are willing to exchange for perceived benefits. In other words, through the social-exchange theory view, negotiation is essentially a social-exchange process, a human interaction involving the ideas of both parties that influence each other in a problem-solving manner to reach a win-win agreement in most cases (Bagozzi 1978; Ghauri 1983; McCall and Warrington 1984; Fang 1997). The negotiation between parties is thus cooperative rather than competitive and there is an attempt to maximise the benefits for everyone and maintain a positive relationship (Pruitt 1991).

The study of negotiations in social psychology has considered two issues of research such as individual differences among negotiators and situational factors that facilitate or impede the negotiation process or outcome of the negotiation. For example, individual difference variables including demographic characteristics (e.g., gender and race) or personality (e.g., risk-taking tendencies, cognitive complexity, tolerance for ambiguity, Machiavellianism and self-esteem) have been proposed since the 1960s (Rubin and Brown 1975; Lewicki et al. 2006; Neale and Bazerman 1992).

⁸ Homans (1958) identify and advance 'Social behaviour as exchange'; Thibaut and Kelley (1959)'s compact conceptual scheme in 'The social psychology of groups'; Blau (1964)'s 'Exchange and power'.

An article by Pennington (1968) was influential for the theory of social exchange and involved subjects that were salespeople and shoppers. Experiments were carried out in department stores where face-to-face social exchanges were observed. Mathews et al. (1972) studied the effect of perceived similarity or dissimilarity on sales interactions, using students in a prisoner's dilemma game. Culture and communication have been key variables in the literature leading towards negotiation and social exchange. However, it is more useful to observe the socio-exchange theory as a theoretical standpoint and not as a strict theory as such (i.e., the point of approaching the subject). The complex nature of negotiation studies fuses many paradigms, and a cross-fertilisation of ideas exists within many disciplines, combining strategy and behavioural perspectives (Rao and Schmidt 1998). This socio-exchange approach has taken the form of extensive case-study research and is one of, if not the most frequently used methods for conducting research on negotiation (Zartman 2005). Yet the balance of advantages and weaknesses inevitable in any method of analysis places case studies in the midst of a search for breadth and depth, for data and theory (case studies being acknowledged as subjective and situation-specific, as suggested by Kidder 1981).

Much of the greater understanding of the negotiation process made available over the past four decades involves case studies (Druckman 2002) and largely experimental studies (for example, John Graham 1987 utilises simulations, while Ghauri 1983; Zartman 2005; and Crump 2006 utilise case studies) that have been used to generate conceptual and theoretical generalisations (Druckman 2002; Zartman 2005). There have also been ethnographic research methods that have provided insights into the way negotiations and dispute resolution occur (Friedman 2004). It was through the use of ethnographic methods that Walton and McKersie (1965) developed their insight that there are four dimensions to labour-management negotiations: integrative bargaining, distributive bargaining, attitudinal restructuring and intra-organisational bargaining.

Chapter3 RESEARCH DESIGN AND HYPOTHESES

3.1 Understanding the nature of research

Many view negotiation as a central aspect of organisational life being able to survive successfully. The growing complexities of work relationships, the increased reliance on teams to make decisions and the rise of new organisational forms have placed unprecedented pressure on managers to become effective negotiators. Thus, scholars and practitioners alike have focused on identifying mechanisms or determinants that can improve negotiator performance (Lewicki, Saunders and Minton 1999).

3.2 Conceptual framework and hypothesis building

3.2.1 Individual dimension

All negotiators encounter the negotiating place from expansively various propensities or risk-taking tendencies, personalities, attitudes, motivations, experiences and perspectives based on their backgrounds, so that these individual differences of negotiators must have a substantial impact on the process and outcome of negotiation (Wall and Callister 1995). Thus, Rubin and Brown (1975) initially reviewed about 200 studies in an attempt to summarise the findings of this relationship between the fundamental traits of negotiators and the outcome of the negotiation based on extensive experiments. In addition, scholars have investigated several characteristics of the individual negotiators that have influenced the process of the coalition of negotiations (Money 1998), such as personality (Rubin and Brown 1975), working experience (Graham 1983), conflict-resolution orientation (Thomas 1992), gender (Pinckley 1990) and Hofstede's masculinity/femininity dimension. Even the individual tendency including cognitive features such as intelligence, mental flexibility, logical thinking patterns, the ability to control the opinions of others and keep the negotiation on track and self-interest have been suggested (Greenhalgh, Neslin and Gilkey 1985). Especially, the hundreds of studies on individual differences in terms of both demographic characteristics (e.g., gender, race and age) and personality variables (e.g., Machiavellianism, authoritarianism, self-esteem, cognitive complexity and tolerance of ambiguity) have been suggested and broadly investigated (Rubin and Brown 1975; Neale

and Bazerman 1992; Lewicki et al. 2006). However, research on the gender effect in negotiation has failed in its attempt to find individual characteristics in negotiator behaviour through a lack of consistent support and a sceptical effect on the performance of negotiators (Thompson 1990; Lewicki et al. 2006).

Among several studies that have attempted to identify personal characteristics that may distinguish between effective and ineffective factors on the joint outcome of negotiations as above, we have finally extracted the two significant variables of *personality* and the *attractiveness* of a negotiator. As in the review of Rubin and Brown (1975), when the interpersonal attraction which enhances negotiating outcomes is perceived, the negotiators will be more satisfied and will even make sacrifices (i.e., concessions) during negotiations (McGuire 1968). According to the personality theories, the personality that human behaviour is driven by and that humans are born with has been investigated as an influencing factor on the international negotiation process and outcomes, even between cooperative and competitive types (Brook and Rose 2004; Thompson 1990).

3.2.1.1 Attractiveness

We are more easily influenced by those we like, as in the saying, ‘people buy people’, as any salesperson should know. If we like someone, we are more inclined to buy from or to cooperate with him or her. This emphasises how important the people themselves are and this is even discussed in the previous negotiation research. Graham et al. (1994) suggest that a strong relationship exists between interpersonal attraction and negotiator satisfaction across several cultural groups including Americans and Chinese. Rubin and Brown (1975) likewise conclude that, generally, interpersonal attraction enhances bargaining outcomes. Lewicki et al. (1994) specifically mention the causal relationship between interpersonal attraction and trust. Finally, Rempel et al. (1985) report connections between interpersonal attraction and trust again.

The important construct is the attractiveness of the negotiator. Graham et al. (1988) have shown that a negotiator’s attractiveness positively influences the partner’s satisfaction in simulated negotiations, similar to Graham et al. (1994). Simons, Berkowitz and Moyer (1970:9) note that ‘the relationship between attraction to a source (like-dislike, friendly feelings, etc.) and attitude change has received scant attention’, although Rubin and Brown

(1975), in their review of the negotiation literature, conclude that interpersonal attraction generally enhances bargaining outcomes (Berscheid and Walster 1978; Bnton 1971; Morgan and Sawyer 1967; Swingle 1966). Moreover, some researchers mentioned the causal relationship between interpersonal attraction (i.e., love) and feelings of trust (Lewicki et al. 1994; Rempel et al. 1985). Therefore, to the extent that a person receives rewards from a relationship with a negotiator whom the counterpart perceives as attractive, that person will be more satisfied with the negotiation outcome. Broad support for the positive relationship between the negotiator's attractiveness and the negotiation outcome or satisfaction have been found across cultural groups.

It is also an interesting effect or the result of attraction between two parties. For instance, a bargaining partner's satisfaction has been found to be positively related to the negotiator's attractiveness for business people from France and Germany (Campbell et al. 1988), from Japan, Korea, Taiwan and the United States (Graham et al. 1988), and from Canada (Anglophones only) and Mexico (Adler et al. 1987). Moreover, McGuire (1968) explains that when people are attracted to each other they will even make sacrifices (i.e., concessions in a negotiation) to preserve the gratifying personal relationship. As a result, an individual negotiator may expect social rewards from a relationship with an attractive partner instead of economic rewards. To the extent that one receives rewards from a relationship with an attractive partner, the person will be more satisfied with the relationship and the negotiated agreement.

Meanwhile, there is an argument about different ideas of attractiveness in the negotiation frame or process. For instance, it should be noted that interpersonal attraction might be conceived as an exogenous construct determined before negotiations begin, as a part of the combination of the negotiator's characteristics. It may also be argued that attraction is a consequence of the negotiation, an outcome construct (Lee, Yang and Graham 2006). However, according to Lee, Yang and Graham (2006), attractiveness is considered as a process-related construct and as a focused process variable. This is consistent with the views of Evans (1963) and Zunin and Zunin (1972). In particular, Evans (1963) suggests that similarity between the negotiators leads to more favourable negotiation outcomes. Zunin and Zunin (1972) also suggest that during the first few minutes of a conversation, 'decisions' are made about interpersonal attractiveness and about whether to continue the interaction. Interestingly, this perspective of attractiveness as a critical factor during face-to-face negotiations is in line with this study.

Hypothesis 1 stated, ‘*Attractiveness has a positive effect on the cooperative negotiation process*’

3.2.1.2 Personality

In general, in more complex negotiations such as international M&As in which trade-offs among multiple issues are involved, and in which there is no abstract pay-off matrix favouring mutual cooperation, other individual differences may produce a negotiating advantage. Because of the complexity of real-world negotiations, it is necessary to measure a broad range of dimensions on which individuals can differ. However, those individual factors are often controlled and expressed by the individual’s basic personality.

Psychologists articulate personality as ‘a collection of emotional, thought and behavioural patterns unique to a person that is consistent over time’. Although many investigators have proposed various theories of personality, no objectively testable model has emerged, especially in the negotiation context. Thus, the present study focuses on determining the influence of negotiators’ dispositional characteristics on the face-to-face negotiation process or on the outcomes of business negotiations, and this has been investigated by several researchers. It is true that the differences in individual characteristics among people have long been shown to influence the process or outcomes of negotiation (Lewicki et al. 1994). For example, according to US diplomat Elliot Richardson in the five-year Law of the Sea Conference, the talks were influenced much more by the personalities of head delegates than by the economic power of the country that they represented (Graham and Sano 1989). In other words, as individual differences in negotiators can also be expected to affect the outcomes of negotiations, Rubin and Brown (1975) also summarise and attempt to synthesise an extensive experimental literature by using *interpersonal orientation* as a basic trait underlying individuals’ approaches to negotiation. Briefly, their interpersonal orientation dimension ‘distinguishes negotiators on the basis of their sensitivity and reactivity to variations in the other’s behaviour’ (1975:294). Rubin and Brown make a conclusive case for *interpersonal orientation* as a construct that is useful within a paradigm in which bargaining effectiveness is defined in terms of cooperation in simplified unattributed negotiations (Swap and Rubin 1983). Meanwhile, scholars have defined and specified personality in detail as below.

Firstly, based on Horney's (1945) model of social orientation, in this construct, an individual's predisposition consists of three dimensions of compliance, aggressiveness and detachment when relating to other individuals. The dimensions are assumed to be mutually exclusive such that when one is high on one of the three dimensions, it is unlikely to be characterised strongly by either of the other two (Cohen 1967). Among other distinctions, a *compliant individual* is concerned about the needs of others and will tend to be very sensitive and very generous. An *aggressive individual* strives for personal success and will tend to be manipulative of others. A *detached individual* desires maintaining a distance from others and tends to rely on self-sufficiency. Although empirical tests of CAD's usefulness in a marketing context have provided mixed results (Kassarjian 1971; Noerager 1979), Cohen (1967) argues that this personality variable potentially affects a wide range of decisions and behaviours within a negotiation. As such, the negotiators' characteristics as CAD would be likely to have a similar influence on the negotiators' approach and therefore on their behaviour within a negotiation.

Secondly, the five-factor model, the most popular model, suggests that personality is hierarchically structured with five general and broad traits at the top of the hierarchy – extraversion, neuroticism, conscientiousness, agreeableness and openness to experience. A growing body of literature suggests that the five-factor model also generalises to other cultures and languages, such as Russian (Digman and Shmelyov 1996; Shmelyov and Phkhil'ko 1993), Dutch (Hofstee, deRaad and Goldberg 1992), Japanese (Bond, Nakazato and Shiraishi 1975), German (Ostendorf 1990) and Tagalog (Church and Kratigbak 1989). Georges et al. (1998) suggest that the five-factor model in general may actually be a universal model of personality applicable across cultures and languages (Digman and Shmelyov 1996), even including the traits of positive and negative affectivity. Thirdly, another popular paradigm of research on the determinants of affective states, such as moods and emotions, has identified two general and independent personality traits, positive affectivity and negative affectivity, which predispose people to experience certain kinds of affective states over time and across situations (George 1996; Georges et al. 1998). *Positive affectivity* predisposes people to experience positive moods and emotions (Tellegen 1985). People high in positive affectivity tend to feel good about themselves, have a generalised sense of well-being and feel positively engaged in both achievement and interpersonal contexts such as feeling enthusiastic, active, peppy, strong and excited (Watson, Clark and Tellegen 1988; Watson and Pennebaker 1989; Tellegen 1982; 1985). In contrast, those with

high negative affectivities tend to be distressed by their own thoughts and by the actions of others and, more generally, to experience distress over time and across situations (George 1996; Tellegen 1982; 1985; Watson and Clark 1984). The negative affective states that high-negative affectivity individuals are prone to, involve them having negative feelings, a sense of being non-pleasurably engaged, behaving and acting in ways that tend to promote negative affect, and having a generalised negative orientation, being nervous, scornful, distressed, hostile and fearful towards themselves and others (Tellegen 1982; 1985; Watson and Clark 1984; Watson et al. 1988; Watson and Tellegen 1985). However, positive and negative affectivity eventually correspond to the extraversion and neuroticism factors, respectively, in the robust and empirically supported five-factor model of personality (Church and Burke 1994; Digman 1990; McCrae 1989).

Fourthly, while Adler, Graham and Gehrke (1987) found what the shared behaviours were that negotiators manifest in themselves during business negotiations in different countries, four other individual characteristics were considered in this study: generalised *self-esteem* and *task-specific self-esteem* with years of work experience and the percentage of work involving contact outside one's firm. The operational measures of these variables and the hypothesised relationships with negotiation outcomes are identical to those in Graham (1983), although the four bargainer characteristics were found to be unrelated to negotiation outcomes for all four cultural groups in their study as a result. Fifthly, Yukl and Falbe (1991) suggest two skills that are likely to be sources of personal power or characteristics: *persuasiveness* and *charisma*. Research on leader traits has identified persuasiveness as one of the skills associated with managerial effectiveness and advancement (Yukl 1989a). Rational persuasion has been found to be an important influence technique (Kipnis, Schmidt and Wilkinson 1980; Yukl and Falbe 1990), and skill in making rational appeals helps to determine whether the appeals will be successful. Charisma involves the perception by others that a person is extraordinary and can be trusted to lead a group or organisation. Although the determinants of charisma are not very well understood, leadership theorists contend that charisma can be a source of great influence for managers to control their performance (Bass 1985; Conger and Kanungo, 1987; House 1977). Sixthly, the study of *Machiavellianism* suggests that people high in Machiavellianism behave more competitively and strategically than people low in Machiavellianism (Rubin and Brown 1975). However, in terms of negotiated outcomes, Fry (1985) found that high Machiavellianism outperforms low Machiavellianism, whereas Greenhalgh and Neslin (1983) reported the opposite finding.

Among the paradigms of personality introduced above, we employed CAD, which was originally introduced into the marketing literature by Cohen (1967), to operate as the negotiators' characteristics in this research. This category of personality is considerably similar to the one by Marston (1926) relating to dominant, interactive, steady and compliant characteristics⁹. Briefly, the different types of personality identified by Marston (1926) are *dominance* – people who are results oriented, direct and decisive; *influence* – people who are interactive, influencing and sociable; *steadiness* – people who are stable, steady and secure; and *compliance* – people who are compliant, correct and controlled. However, as Brooks and Rose (2004) mention, CAD would likely have a similar influence on the behaviour of the negotiators' approach in a negotiation, and we attempt to employ this personality model for international negotiators in this international M&A negotiation context.

A compliant individual has been defined as sensitive, generous and considerate towards others (Brooks and Rose 2004). According to the research of compliant personality based on the theory of William M. Marston, the compliant personality, which represents 17 percent of the population, is task-oriented, systematic, analytical, detail-oriented, self-sacrificing and serious. This type of individual can also sometimes be moody, negative, critical, revengeful and unsociable. They are prone to setting high standards and checking that everything is done right. They like to comply with the rules and regulations. On the other hand, an *aggressive individual* who strives for personal success and prefers to be manipulative of others, or a *detached individual* who desires maintaining a distance from others and relies on self-sufficiency, may not be appropriate as international negotiators in cooperative face-to-face negotiation processes. Although the overall legacy of research on the relationship between personality and negotiation is inconsistent and confusing (Pruitt and Carnevale 1993), Barry and Friedman (1998) found that certain personality traits either enhanced or inhibited a negotiator's ability to achieve either collaborative or competitive

⁹ Initially, Carl Gustav Jung introduced 4 different types of psychological types of personality in 1921 such as *Thinking, Feeling, Sensation* and *Intuition*, that affects a person's behaviour. Then, William M. Marston invented the *Dominance, Influence, Steadiness* and *Compliance* (DISC) personality paradigm in 1926, which has provided lots of practical benefits to understand their precious asset such as their 'people' or employers in organizations. The terminology has been slightly modified in many introduction of this model. For example, '*dominant, interactive, steady and compliant*' or '*dominant, social, measured and compliant*'

objectives. Thus, we propose three hypotheses.

Hypothesis 2a stated, *‘Negotiators’ aggressive personality has a negative effect on the cooperative negotiation process’*

Hypothesis 2b stated, *‘Negotiators’ compliant personality has a positive effect on the cooperative negotiation process’*

Hypothesis 2c stated, *‘Negotiators’ detached personality has a negative effect on the cooperative negotiation process’*

3.2.2 Strategic dimension

To build a detailed understanding of the current idea of negotiators through a particular type of strategy and decision-making process used during the negotiation is extremely important (Ghauri and Usunier 2003). Thus, many researchers have theoretically explored and set up structured strategic methods in various ways, since negotiator behaviour is originally tactical and strategic (Rao and Schmidt 1998).

Adair et al. (2004) introduce the manner of communication and power as a strategy that is managed differently across cultures, while Ganesan (1993) defined a negotiation strategy as the interaction pattern controlled by both parties beyond the cultural conflicts, suggesting five types of strategy: a competing or aggressive strategy, a collaborating or problem-solving strategy, a compromising strategy, an avoiding strategy and an accommodating strategy.

In complex international negotiations, interest in studying the effects of cross-cultural differences on negotiation style and strategy is increasing (Tse, Francis and Walls 1994; Tung 1984). However, in this research, the persuasion employed in the cultural behaviour of the negotiators depending on the culture that they belong to is also defined as a strategic action during face-to-face negotiations. Importantly, negotiators are surrounded by not only a national culture, but also by an organisational or professional culture (Helmreich and Merritt 2001; Bloor and Dawson 1994), which moulds their behaviour so that it can be controlled during negotiations. For instance, Helmreich and Merritt (2001) introduce a complex cultural framework of national, organisational and professional attitudes and value within which groups and individuals function. Therefore, here we proposed the parsimonious meta-categories of tactical strategy (i.e., hard, soft and rational), which even

covers explaining and classifying the international negotiators' tactical behaviours.

3.2.2.1 Tactics

Negotiator behaviour is tactical. Alliance negotiators attempt to achieve their firms' goals by gaining their counterparts' reconciliation through using influencing tactical strategies. An array of behavioural tactics is used during negotiations to achieve the negotiators' general performance such as through a cooperative or competitive process. Negotiator influence tactics have been studied in varied contexts, such as simulations, interpersonal bargaining within firms, international business and marketing channels (Alder and Graham 1989; Bacharach and Lawler 1981; Deluga 1991; Kipnis and Schmidt 1983; Roering 1977; Rubin and Brown 1975). Kipnis et al. (1980), with subsequent extensions by Kipnis and Schmidt (1983) and Yukl and Tracey (1992), focus on identifying and categorising the tactics commonly used by managers when attempting to get others to comply with a request. Taken together, these programs of research basically identify nine dimensions of influence – pressure, legitimation, exchange, coalition, ingratiation, rational persuasion, inspirational appeal, consultation and personal appeal, as shown in Table 3.1. This describes and considers how one's power relationship with others can influence the likelihood that these different influence tactics will be used, leading to a distinguished atmosphere of negotiation. In particular, in Yukl and Falbe (1990), two studies were conducted to replicate and extend previous exploratory research by Kipnis, Schmidt and Wilkinson (1980) on influence tactics and objectives in organisations. They developed a new questionnaire including measures of important influence tactics and objectives omitted in the earlier research. The differences in downward, lateral and upward influence attempts were replicated and the direction of influence had a stronger effect on influence objectives than on influence tactics in that study case. Considering some differences due to data sources and the direction of influence, the relative frequency of use for the eight influence tactics was remarkably similar across conditions, as Table 3.1 again shows. However, Kipnis and Schmidt's (1985) classification of influence tactics into the three meta-categories of hard, soft and rational provides a parsimonious classification for describing the negotiator's influence tactics, which is more suitable for this study. Their classification was based on earlier inductive classification research (Kipnis, Schmidt and Wilkinson, 1980) and has been validated in a variety of contexts (e.g., Deluga 1991; Falbe and Yukl 1992; Farmer et al. 1997).

As Kipnis (1976) demonstrated, individuals employ tactics according to their subjective assessment of the probability of the influence target complying. Thus, negotiators using *hard tactics* engage in threats, demands and sanctions, believing that their counterparts face high costs for non-compliance and, hence, that they will comply with their demands (Frazier and Summers 1984; Kipnis 1976; Kipnis and Schmidt 1988; Kipnis 1984). Negotiators may set deadlines, demand concessions, act in an assertive or forceful manner and threaten to terminate negotiations. In contrast, negotiators using *soft tactics* emphasise friendliness, believing that their counterparts have the option of non-compliance with little cost. Gaining compliance using soft tactics is based on creating interpersonal liking and on building a sense of obligation and reciprocity (Kipnis and Schmidt 1988), including the use of personal or emotional appeals. Furthermore, indirect tactics, such as mobilising the support of suppliers or trade unions, are also soft tactics. However, international M&A negotiators are intended to employ *rational influence tactics* use logic, data and information in attempting to gain reconciliation from their counterparts (Kipnis and Schmidt 1983; Ueh 1986). Typically, data and logic are used to support non-emotional arguments involving the process of explaining and discussing. As with soft tactics, expected positive agreement is not taken for granted. Meanwhile, Standifird, Pons and Moshavi (2008) support the classification as soft, rational and strong in nature for an instructors' use of influence tactics and its impact on student satisfaction. They find that student satisfaction is positively influenced by the use of soft and rational tactics, and is uninfluenced by the use of strong tactics.

Table3. 1 Category of influence tactics

Tactic	Behaviour
Pressure	The person uses demands, threats, or intimidation to convince others to comply with a request or to support a proposal (similar to assertiveness)
Legitimizing	The person seeks to persuade others that the request is something they should comply with given their situation or position
Exchange	The person makes explicit or implicit a promise that others will receive rewards or tangible benefits if they comply with a request, or reminds others of a favour that should be reciprocated
Coalition	The person seeks the aid of others to persuade them to do something or uses the support of others as an argument for them to agree
Ingratiating	The person seeks to get others in a good mood or to think favourably of them before asking them to do something

Rational Persuasion	The person uses logical arguments and factual evidence to persuade others that a proposal or request is viable and likely to result in task objectives
Inspirational Appeals	The person makes an emotional request or proposal that arouses enthusiasm by appealing to others' values and ideals, or by increasing their confidence that they can succeed
Consultation	The person seeks others' participation in making a decision or planning how to implement a proposed policy, strategy or change
Personal Appeals	The person seeks others' compliance to their request by asking a "special favour for them," or by relying on interpersonal relationships to influence their behaviour.

Source: Yukl (1998), Yukl and Falbe (1990)

As a result, the parsimonious classification of influence tactics into three categories of hard, rational and soft by Kipnis and Schmidt (1985) was employed for this research.

Hypothesis 3a stated, *'Soft tactics have a negative effect on the cooperative negotiation process'*

Hypothesis 3b stated, *'Rational tactics have a positive effect on the cooperative negotiation process'*

Hypothesis 3c stated, *'Hard tactics have a negative effect on the cooperative negotiation process'*

3.2.3 Contextual dimension

When examining the larger picture, Ghauri and Usunier (2003) suggest that a fundamental element of negotiations is the atmosphere surrounding the talks. They define atmosphere as 'the perceived "milieu" around the interaction, how the parties regard each other's behaviour, and the properties of the process' (6). They also make the point that the atmosphere and the negotiation process 'affect each other through interaction at each stage'. Their notion of atmosphere is conceptually analogous to Amir's (1969) social climate and Baron's (1990) environment. All these authors emphasise that the atmosphere often affects negotiation processes, including the tension that is felt (Lee, Yang and Graham 2006).

According to Brooks and Rose (2004), as the time for completing a negotiation becomes more pressing, the bargainers will want to resolve the negotiation issues more quickly, particularly the issues that are perceived to be of less significance. During such time pressures, a negotiator will be willing to become more collaborative or cooperative if they

believe that such an approach would heighten the chances of concluding the bargaining process within the impending deadline (Lewicki and Litterer 1985). When one negotiating party faces much tougher time pressures than the other party, an imbalance of relative power can also occur if both negotiating parties understand the disadvantaged party's time pressure.

According to Ang and Teo (1997), the desire to reach an agreement and the possibility of adapting to the counterpart's procedures in negotiation are influenced by the level of similarity in the time-processing orientation, among other factors. Conflict generated by different time systems hinders the recognition of the possibilities and values of future business. This negative atmosphere has an impact on strategy and, in particular, on negotiation behaviour choice. Competitive behaviour is more likely to be adopted in order to achieve an agreement in a party's own interests, thereby destroying any possibility of building a mutual understanding and a relationship of trust.

3.2.3.1 Time pressure

A common feature of negotiation is time pressure, defined as a negotiator's desire to end the negotiation quickly (Pruitt 1981). The study of Carnevale and Lawler (1986) was designed to examine the influence of time pressure on the process or outcome of negotiation. Several conditions may generate the experience of time pressure as the closeness of a perceived deadline or as a specific amount of time available to negotiate. A sense of time pressure is also generated by the costs of continued negotiation, such as time lost from other pursuits or when the goods being negotiated are deteriorating. For instance, fruit/fish beginning of spoil or the continuation of an unpleasant situation such as a war or strike. In the real world, virtually all negotiations involve some element of time pressure, and to some extent, all negotiations involve time away from other pursuits, and time pressure almost always increases as negotiations proceed, especially as negotiators become fatigued or frustrated. Thus, according to previous studies, this pressure from some fixed or ambiguous deadline may influence the processes or the outcomes of negotiation; Carnevale and Lawler (1986) examined the influence of time pressure on the process and outcome of negotiation, focusing on many factors that lead negotiators to experience time pressure. Some studies also suggest that time pressure affects the formation of intentions and attitudes and, consequently, the behaviour displayed by the negotiating parties (George, Jones and

Gonzalez 1998; Thomas 1992).

Moreover, few empirical studies analyse these relationships between them. In sum, there are two main bodies of literature that can be distinguished between depending on whether time pressure is thought to have a positive or negative effect on negotiation behaviour choice in terms of cooperativeness or competitiveness between two parties during the actual negotiations. Many researchers suggest that time pressure increases the level of cooperativeness of negotiators in that it facilitates concession making (Pruitt 1981; Rubin and Brown 1975). Brookmire and Sistrunk (1980) revealed how time pressure produced more contract settlements in high time-pressure situations than in low time-pressure situations. Lewicki and Litterer (1985) simply advocated that deadlines soften demands, increase the likelihood of concessions, cause negotiators to move faster to their positions and protect the negotiators' image by providing an external justification for 'softer' concessionary behaviour. It is argued that time pressure may motivate cooperative behaviour and foster agreements by increasing communication and collaboration to reach an agreement. In the same vein as this stream, Druckman (1971) concurs that agreements are less likely when the opponent is competitive, but argues that as deadlines and the time for agreement close in, cooperation is increased. Similarly, Smith et al. (1982) propose that unlike under low time pressure, under high time pressure negotiators mismatch their opponent's offers in general. In other words, according to the first stream, under time pressure, negotiators make more concessions, reduce their aspirations and display a cooperative atmosphere in order to reach an agreement during the face-to-face negotiation (Cohen 1980; Robin and Brown 1975). During such time pressures, a negotiator will be willing to become more collaborative or cooperative if they believe that such an approach would heighten the chances of concluding the bargaining process within the impending deadline (Lewicki and Litterer 1985).

On the other hand, the second body of work that focuses on the negative effect of time pressure on negotiation is also contentious. Basically, since time pressure hinders reflection, basic information collection and option researching (Adler 1997; Maron and VanBremen 1999; Stuhlmacher and Champagne 2000; Walton and McKersie 1965), even reaching a mutual understanding is difficult (Maron and VanBremen 1999) and this is likely to cause errors in interpretation (Bazerman and Neale 1983). In other words, the lower the time pressure, the higher the possibility of reaching a mutual understanding because the parties tend to explore the other's interests, resources and options more (Adler 1997; Beatty 1994;

Stuhlmacher and Champagne 2000), thereby reducing any cognitive mistakes (Pinkley and Northcraft 1994). Similarly, Walton and McKersie (1965) highlighted the fact that high time pressure inhibits the need to reach integrative agreements. Negotiation acceleration under time pressure makes it difficult to establish effective communicative interaction because of the treatment of fewer key issues and less information exchange. Esser (1989), in particular, argued that time pressure for an agreement decreases integrativeness between two parties and places the focus on distributive settlements for conflict resolution. Increased pressure has been found to result in less ambitious goals (Pruitt and Dews 1969). More specifically, Yukl et al.'s (1976) report shows that negotiators reached agreement sooner when there was high time pressure than when there was low time pressure (8.3 minutes versus 17.4 minutes), made fewer offers when there was high time pressure (11.6 versus 17.9) and reached poorer joint outcomes when there was high time pressure (95.8 versus 107.8, where 120 was the maximum possible and where failure to reach agreement was 0). In addition, 65% of the dyads under low time pressure disclosed their true issue priorities, whereas only 35% did so when there was high time pressure. These findings led Yukl et al. to conclude that time pressure interrupts integrative bargaining processes, and chiefly the processes of systematic concession making (proposing many offers) and a problem-solving orientation (exchanging truthful information). This result is the same as Walton and McKersie's (1965) finding. They argue that time pressure is likely to inhibit joint problem solving and, specifically, the search for integrative agreements. An integrative agreement is one that reconciles the parties' divergent interests and provides them with high joint benefit (Follett 1940). 'Joint benefit' refers to the collective gain of the parties in the final agreement. It seems reasonable to suppose that integrative agreements require more time to develop, and that high time pressure interferes with their development. In short, according to Ghauri (2003), time pressure influences not only the atmosphere but also the process as a whole as it has a negative impact on the way negotiation parties communicate with each other (Saorin-Iborra 2008). Thus, we clearly suggest a hypothesis as outlined below.

Hypothesis 4 stated, *'High time pressure has a negative effect on the cooperative negotiation process'*

3.2.3.2 Relative power

One factor that is widely acknowledged to affect such performance is the power perceived

between the parties (Bacharach and Lawler 1981; Fisher and Ury 1981). A negotiator's power is critical for performance because it can determine the allocation of resources in an agreement (Kim 1997; Mannix 1993a, 1993b; Pinkley, Neale and Bennett 1994). The greater one's power is relative to the power of others, the more resources one is able to claim to be cooperative to gain a better outcome from the negotiation. Managers or negotiators also use power to achieve both concessions with routine demands and a commitment to unusual requests initiatives requiring extra effort from the counterpart. Thus, the negotiation literature is replete with recommendations to improve one's power position (Thompson 2005; Fisher and Ury 1981). Moreover, scholars in management recognise that power and its influence are important for understanding organisational behaviour and even managerial effectiveness (Mintzberg 1983; Pfeffer 1981; Yukl 1989a; 1989b). Most research on the implications of power for managerial effectiveness or organisational behaviour has attempted to associate effectiveness or behaviour with the different power sources used by a manager or negotiator.

The concepts of power have received substantial attention in negotiation research on organisational behaviour and management and have been referred to as relative power or power dependence (Zartman 1978; Bazerman and Neale 1983; 1992; Heiba 1984; Phatak and Habib 1996; Ghauri 1983; 1996; McCall and Warrington 1984; Tung 1998; Weiss 1993; Morgan 1988; Rahim 1988). Power exists where one party has the potential to influence another (Dahl 1957) and influence is the active exercise of power (Mowday 1978). As a basic study of power between students and instructors, Standifird, Pons and Moshavi (2008) attempted to understand the power bases from which an individual instructor is able to pull in order to exercise influence over the satisfaction of students in the classroom.

Although power sources can be conceptualised in a variety of ways, and are widely acknowledged as affecting negotiator performance, few efforts have been made to integrate the most prominent theories of power into a cohesive framework that can account for the results from a broad set of negotiation-related research (Kim, Pinkley and Frangale 2005). Most power conceptions are founded on Weber's (1974) classic definition of power as the possibility of a person being able to carry out his or her own intention despite conflict. The majority of theorists who have written about power would convey their agreement on this broad definition by Weber (1974) (Bacharach and Lawler, 1980). However, there are many subtle differences among the various perspectives. Arguably, the most commonly referenced appraisals of power are (1) French and Raven's (1959) five bases of power; (2)

Emerson (1962); (3) El-Ansary and Stern (1972); and (4) BATNA (Best Alternative to a Negotiated Agreement). Many scholars have reviewed the major characteristics of these frameworks.

The popular conceptualisation of power is French and Raven's (1959) taxonomy, which includes legitimate, reward, coercive, expert and referent power (see Table 3.2). This is probably the most dominant classification scheme for understanding the bases of power. Specifically, they argue that A's power over B is determined by (1) A's ability to provide benefits to B (*reward* power); (2) A's ability to punish B if B does not comply with A's wishes (*coercive* power); (3) A's possession of special knowledge or expertise (*expert* power); (4) A's legitimate right to prescribe behaviour for B (*legitimate* power); and (5) the extent to which B identifies with A (*referent* power). Moreover, other scholars have distinguished between these bases of power, which determine one's ability to manipulate the behaviour of others and even the performance of the negotiation from the sources of power (Bacharach and Lawler 1980). The classical piece on the bases of social power identified the bases as follows: reward power exists as a result of the perception that the influencer has an ability to provide a reward for desired behaviour; coercive power is based on the perception that the influencer has an ability to punish in the absence of desired behaviour; legitimate power emerges from the belief that the influencer has a legitimate right to prescribe and control behaviour; referent power exists as a result of an interpersonal attraction to and identification with an influencer; and expert power comes from the perception that the influencer has superior expertise and specialised knowledge in a specific area (Rahim et al. 2001). For example, in the sales manager–salesperson relationship, a salesperson may comply with the manager for one or some combination of the following reasons: (1) as a superior, the sales manager has authority (legitimate power) to demand a change in the salesperson's behaviour; (2) the salesperson recognises the manager's special knowledge and skills (expert power); or (3) the salesperson likes the sales manager (referent power) and wants to maintain a favourable relationship with him/her.

However, as research on the construct validity of the power categories in French and Raven's taxonomy is very limited but mostly positive (Podsakoff and Schriesheim 1985), researchers then identified additional sources of power or simply merged sources of power that are likely to be important and plausible because the taxonomy from French and Raven (1959) was formulated for the three decades prior to 1959 in a specified context (Yukl and Falbe 1991). Firstly, an additional source of power that has been recognised in the

theoretical literature for a long time is the possession of *information* (Mechanic 1962; Raven 1974). Then, Raven's (1974) later versions of the five typologies of power also added information power (i.e., knowledge regarding the inner workings of the organisation or the relationship between the organisation and the environment) as a sixth base of power. As suggested by Rahim, Antonioni and Psenicka (2001), there have also been several attempts to expand the French and Raven (1959) framework by including additional factors such as information power, which involve both access to information and control over its distribution. Although the possession of information is often mentioned as a source of power, there has been little empirical research on information power; one outstanding exception is the longitudinal study by Pettigrew (1972). Secondly, as a simply merged source of power is *position* and *personal* power. In other words, each of the five power sources proposed by French and Raven (1959) can sometimes be viewed as components of a broader category of position or personal power relationships between an actor and the target of the influence attempts (Wexley and Yukl 1977). Rahim et al. (2001) also found support for a two-category classification scheme and referred to the two categories of influence as position and personal power. Consistent with previous findings, they found that coercive, reward and legitimate power represent one cluster of influence identified as position power, while expert and referent power represent the second cluster of influence identified as *personal power*. However, a simple two-factor taxonomy of position power versus personal power has been used in the organisation behaviour literature in a limited study (Bass, 1960), which has not been empirically supported in the power and negotiation research (Yukl and Falbe 1991).

Another outstanding scholar in power theory, Emerson (1972), anticipated power as emanating from exchange relationships when one actor has the ability to induce a cost for the other. He proposed that power stems from the dependence of one actor on another. An advantage or imbalance of power emerges when one party is more dependent than the other is on the relationship (Cook 1977). According to him, 'The power of A over B is equal to and based upon the dependence of B upon A' (1962:32–33). More specifically, dependence, in turn, is based on two dimensions: (1) it is directly proportional to the value attributed to the outcome at stake and (2) it is inversely proportional to the availability of this outcome through alternative sources. Thus, A's power over B is directly related to the degree to which B is dependent on A (i.e., the extent to which B receives greater benefit from the relationship with A than B can get from alternative relationships). Similarly, B's power over A depends on the degree to which A receives greater benefit from the relationship with B

than A can get from alternative relationships. Furthermore, because this framework considers power to be non-zero sum in nature, an increase in A's power does not necessarily decrease B's power, and vice versa. Each party's power is independently determined by the other's dependence. Thus, power dependence distinguishes relative power from the total power (i.e., the sum of each party's power) in the relationship (Lawler and Bacharach 1987).

Along the same lines, El-Ansary and Stern (1972) defined relative power in terms of the extent of one negotiator's ability to influence the decision of the other party. In any case, power is the ability of one party to influence another counterpart in a certain way (Shaw 1976). Thus, several researchers have studied the effect of the relative power of organisations involved in a negotiation (Rubin and Brown 1975). Moreover, the majority of international business-negotiation research has considered the concepts and elements of power as an important factor within the negotiation process (Ghauri and Usunier 2003; Ghauri 1996), which has also been studied extensively by social psychologists in relation to negotiations (e.g., Rubin and Brown 1975; Putnam 1990; Pfeffer 1992). Cauvsgil and Ghauri (2002), Kotter (1979) and Pfeffer (1992) pointed out that a power relation is a basic characteristic of all international negotiation processes, and stated that the ability to control this relationship is linked to the perceived power of both parties (i.e., relative power). It is closely connected with the actual power relation, which is affected by the value of their relationship to the partners and their available alternatives as well.

Therefore, according to the previous research, the need for and use of power have been a major theme in social psychology (French and Raven 1959; Raven and Kruglanski 1970), marketing (Kale 1986; 1989), leadership (Tjosvold 1989) and in other areas such as all international negotiations or businesses (Rubin and Brown 1975). Interestingly, in terms of the effectiveness and cooperativeness between two parties during the negotiation, the relative power or power symmetry in a negotiation is still controversial. Firstly, regarding the effectiveness of gaining profit, as they considered its impact in the negotiator-opponent dyad, Rubin and Brown (1975) first proposed that equal power between the two negotiators tends to result in more effective bargaining than unequal power does. In reality, powerful opponents exploit their strategic advantage so that their power is useful to them, but not necessarily damaging to the negotiators. Dwyer (1984), in a simulated consumer negotiation, found that powerful opponents did earn more. Specifically, they note that equal power negotiators and opponents were effective in that they negotiated final agreements near the equal profit point. Secondly, regarding cooperativeness, Wolfe and McGinn (2005)

explored the effect of relative power within a negotiation on both the distribution of resources and the integrativeness of the outcomes. Empirical evidence on the effects of power asymmetries on the integrativeness of negotiated agreements is actually mixed. Some studies confirm the above intuition that equal (relative to unequal) power leads to greater integrativeness (Mannix and Neale 1993; McAlister, Bazerman and Fader 1986). Other studies find equal power is associated with relatively lower integrativeness (Sondak and Bazerman 1991), and yet other research finds no effects for power symmetry on integrativeness (Pinkley, Neale and Bennett 1994). At the dyadic level of analysis, each particular agreement should be integrative so that the interests of the two parties are reconciled to create high joint gain (Pruitt 1981; 1983), which means the integrativeness of the negotiation, as we see in Lax and Sebenius (1987).¹⁰ In particular, according to Sondak and Bazerman (1991), he posits that when the power in the alternatives is asymmetrical, the disadvantaged party will search for an integrative outcome and agreement in general. Moreover, when the two parties have equal power and equally attractive alternatives, joint outcomes or cooperativeness is less than when relative power dependence exists between the counterparts. Several researchers have argued about the relationship between the power position and the cooperative or competitive outcome of a negotiation in the unequal power situation. For instance, Fiske (1993) argues that low-power individuals behave in a more cooperative and dependent fashion than do high-power individuals. Kramer (1994) disputes that high-power persons are more likely to be distrusting and overly pessimistic regarding the actions and intentions of others than are low-power persons. Keltner, Gruenfeld and Anderson (2003) argue that when individuals are in positions of power, they are more likely to seek the attainment of goals actively, whereas individuals in positions lacking in power tend to focus their attention and actions in a manner that seeks to avoid punishment. Consistent with this finding, Keltner et al. (1998) videotaped high- and low-power persons as they teased others and found that low-power persons teased in more pro-social ways than high-power persons did. In particular, low-power persons were more likely to tease in such a manner that reduced face threat to the teased individual relative to high-power persons.

Contrarily, when individuals have an independent self-construal, they use power to promote their own goals and when individuals have an interdependent self-construal, they use power to promote others' goals (Chen and Welland 2002). Additionally, in terms of a direct

¹⁰ Lax and Sebenius (1987) argue that using total joint outcome as a measure of integrativeness confounds notions of efficiency and equity.

linkage between power and performance, if there is the motivation to maintain the relationship, a high-power negotiator might be expected to use their power even to promote joint outcomes to maximise individual outcomes as well (Staw and Kramer 2005). Meanwhile, in real-world negotiations, equal power based on the options and alternatives hardly ever happens, especially in a very complicated international M&A negotiation. Thus, we assume when the relative power or power dependence exists with the intention to continue the relationship in the future, the atmosphere of negotiation during the face-to-face negotiation will be more cooperative to increase and maximise both individual and joint profit (Staw and Kramer 2005), as hypothesised below.

Hypothesis 5a stated, *‘Relative legitimate power has a positive effect on the cooperative negotiation process’*

Hypothesis 5b stated, *‘Relative reputational power has a positive effect on the cooperative negotiation process’*

Hypothesis 5c stated, *‘Relative informational power has a positive effect on the cooperative negotiation process’*

Table3. 2 French and Raven's (1959) Typology of power bases

French and Raven's (1959) Typology of Power Bases	
Power Base	Description
Reward Power	<ul style="list-style-type: none"> - Reward power is based on the perception by one member of the relationship that another member has the capacity to provide rewards. - A's power over B is a function of how much B can be rewarded and the extent to which B believes that A controls these rewards.
Coercive Power	<ul style="list-style-type: none"> - Coercive power is based upon the perception by a person in a relationship that another person has the capacity to remove rewards or administer punishments. The source of coercive power stems from a situational advantage of one person over another. - A's power over B is a function of how much B can be punished by B and the extent to which B believes that this punishment can be avoided if B complies with A's wishes.
Expert Power	<ul style="list-style-type: none"> - Expert power is based on the perception that a person in the power relationship has valuable knowledge, information, or skills in a relevant area. Expertise is a source of influence that must emanate from the participant in a relationship and cannot be delegated by a third party. - A's power over B is a function of B's perception that A possesses some special knowledge or expertise.

Legitimate Power	<ul style="list-style-type: none"> - Legitimate power is based upon the perception that one person has the right to influence and that other members in the relationship have an obligation to yield to this influence. A primary source of legitimate power is the societal and institutional acceptance of the roles played by the participants in a power relationship. The strength of this base is jointly determined by the degree of endorsement and the importance of the endorser. - A's power over B is a function of how much B believes that A has the lawful authority to influence B.
Referent Power	<ul style="list-style-type: none"> - Referent power is based on the perceived attraction of members in a relationship to one another. The source of this power may arise from friendship, identification with a successful model, or feelings of shared identity. Studies in marketing suggest that perceived similarities in personal goals, interests, or values are sources that increase the effectiveness of this power base. - A's power over B is a function of how attracted B is to A and, thus, how much A can influence B's feelings of personal acceptance, approval, and self-esteem.

Source: French and Raven's (1959); Kim, Pinkley and Fragale (2005)

3.2.4 The integrative bargaining process

We describe and introduce the integrative-distributive approach (e.g., cooperative-competitive and problem-solving approach) above as a part of the outcome variables proposed in the previous research. This continuum is proposed as a social psychological perspective outside of the economic measures. These two approaches or continuums (i.e., cooperative-competitive or integrative-distributive) have become intrinsic to international business negotiations, corresponding to the negotiators' behaviours during the negotiation process (McCall and Warrington 1984). Especially, the competitive or distributive approach is utilised by negotiators to pursue personal goals by convincing their counterparts to concede to demands. However, it is recognised that competitiveness in negotiation is not always negative. For instance, some scholars describe a negative picture of competition with negative outcomes and it being 'illegal, unethical and unpleasant' (Putnam 1990). In a way, competition is one of the critical facets for a functioning capitalist society and for the success of firms in the marketing literature. In addition, some scholars suggest that not to compete would indicate cooperation as another alternative and that cooperation itself may contain implicit elements of competition in general (Fisher and Ury 1981; Fang 1997) .

The integrative analysis or approach has been considered as a behavioural analysis, which

presumes a general understanding of the negotiation process. That is, the integrative approach seems to perceive negotiation as a process-oriented activity performed through stages where the outcome is explained by the performance of behaviours identified as specifically appropriate to each successive stage (Druckman 1986; Gulliver 1979; Saunders 1985; Zartman and Berman 1982). Rather than considering a process that flows from fixed points of discrepancy to a convergent point, the integrative approach emphasises the inaccuracy of parties' interests, since the integrative approach underlines the need to manage conceptualisations of the problem into a mutually satisfactory positive outcome. Thus, in order to extend the concept of the negotiation process during the initial stage of negotiation, the integrative approach not only allows greater positive manipulations to occur (Fisher and Ury 1981), but also leads to the convergence of the practitioners' understanding of negotiation by increasing the attention placed on the pre-negotiation stage of the process (Bendahmane and McDonald 1984; 1986), heavily focusing on the mutual benefit to be gained in the agreement or outcome.

Meanwhile, it has previously been shown that the cooperative approach – referring to cooperativeness or a problem-solving approach or behaviour – has a positive relationship with the joint outcome in a negotiation. There are two streams of thought: win-win and win-lose negotiations. The win-win frame of negotiation refers to a situation in which both parties perceive or feel that they have won and that the other party has lost, as a win-win frame is not merely about parties negotiating; win-lose competition tactics also have a part to play in creating the ultimate cooperative atmosphere.

However, joint problem-solving is recognised as being hard to achieve, and the term *BATNA* has been popular in negotiation management, as opposed to within academia, as noted by Fisher and Ury (1981; Weiss 2004). The *BATNA* is an ideal and practical term that may protect negotiators both from accepting suggestions that are unfavourable, and from rejecting suggestions that would be favourable and interesting to accept. If the proposed agreement is better than one's *BATNA*, then the negotiator should accept it. If the proposed agreement is worse than one's *BATNA*, the negotiator should reorganise negotiation meetings. If the negotiator is not able to improve the agreement proposition, he/she may consider withdrawing from the negotiation and examining his/her alternatives.

It is true that a win-win situation has to be one in which both counterparts feel that they have both won (Fang 1997). The integrative frame or process also has related effects on the

tension levels and communication processes (Zartman 1978; Yang et al. 2002; Putnam 2003), and these are related to the win–win process in the end. Even the socio-exchange approach attempts to discover the social interactions and perceptions that lead to a win–win process and integrativeness for both parties. Raiffa (1997) also suggests that negotiators reveal their behaviour to show their cooperativeness, ultimately aiming to obtain the desired gains, based on the assumption that humans are rational and opportunistic in nature (John Nash and Ronald Coase). Integrativeness and the win–win frame is based on satisfaction as an affective outcome of exchange relationships such as business negotiations. This is especially true when integrative negotiations are valued and long-term relationships become more important than one-shot negotiation successes. Ma (2007) suggests the integrative or win–win solution increases the possibility of satisfaction, which helps to maintain positive relationships between the parties. Therefore, we here apply integrativeness or cooperativeness during the negotiation process, based on a satisfied and successful feeling, since negotiator satisfaction is a critical measure of success, especially when partners expect a continued future relationship beyond profits (Adler and Graham 1989).

3.2.5 Summary of hypotheses

Table 3.3 presents the summary of hypothesised relationships based on the literature followed by a conceptual description of the variables corresponding to the hypotheses' testing procedure.

3.2.6 Corresponding model of this study for testing

Figure 3.1 is the summary of the overall model of this study, which employed a quantitative examination. The measuring instrument for the constructs with sub-variables is detailed in the research methodology chapter that follows.

The combined model, developed based on the literature review, will be the basis for the empirical investigation in this study. The model includes the three main components and presents the hypothesised relationships based on the previous literature. As Remenyi et al. (1998) proposed, the structure of the model is consistent with their suggestions. The model captures the composition of the three main variables of the study as well as demonstrating the hypothesised relationships from the literature. This structure is consistent with the suggestions offered by Remenyi et al. (1998), who state that quantitative research should

assess established theory and frameworks in order to develop specific models for specific research that splits the main constructs further. They go further, saying that this theoretical conjecture is necessary to provide a richer distinction and to encapsulate specific sets of hypotheses.

3.2.7 Summary of hypothesis

Table 3.3 presents the summary of hypothesized relationships based on the literature followed by a conceptual description of the variables corresponding to the hypotheses testing procedure.

Table3. 3 Findings and discussion of hypothesized relationship

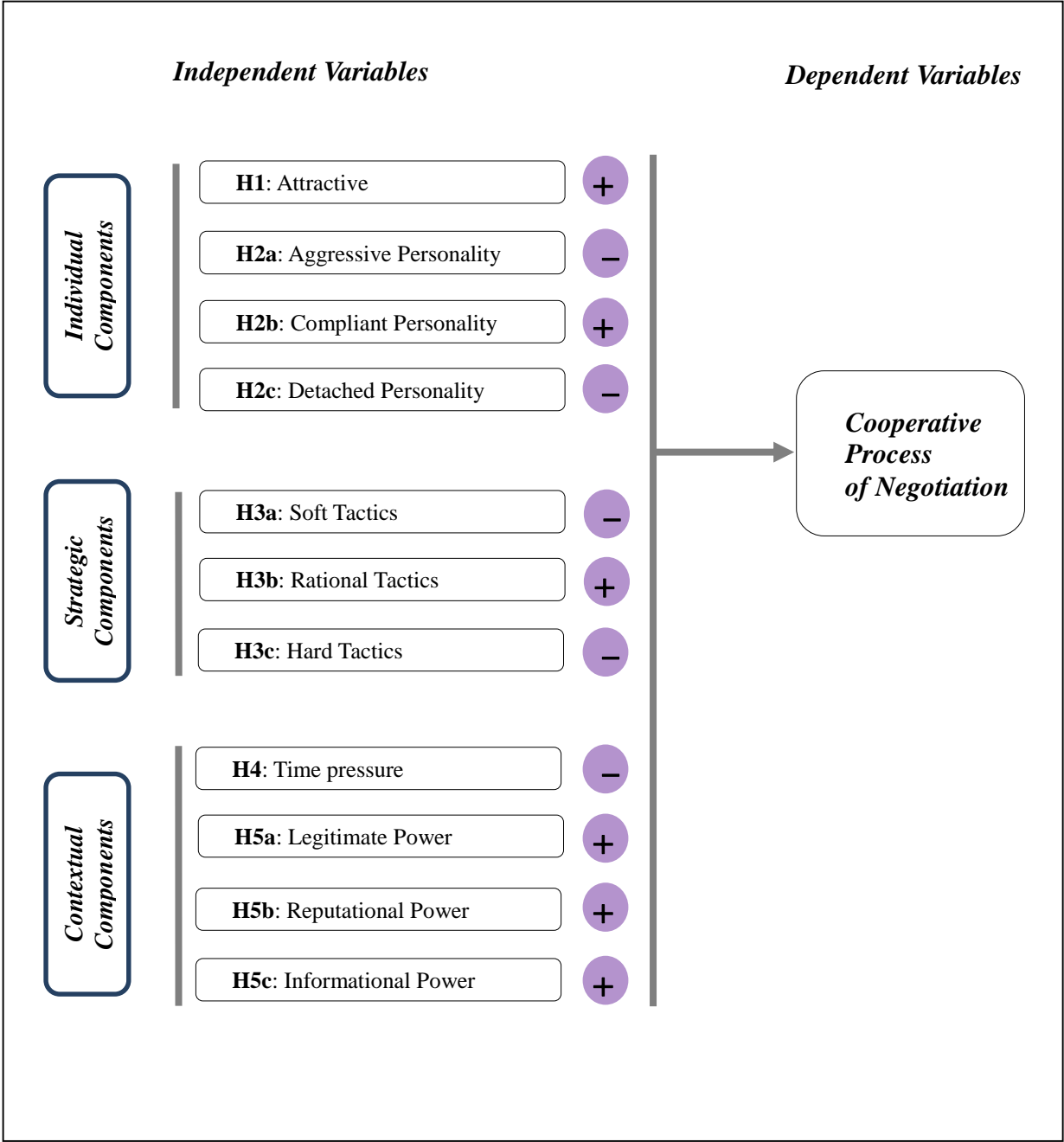
Hypotheses	Contents
Hypothesis 1	Attractiveness has a positive effect on the cooperative negotiation process”
Hypothesis 2a	Negotiators’ aggressive personality has a negative effect on the cooperative negotiation process
Hypothesis 2b	Negotiators’ compliant personality has a positive effect on the cooperative negotiation process
Hypothesis 2c	Negotiators’ detached personality has a negative effect on the cooperative negotiation process
Hypothesis 3a	Soft tactics has a negative effect on the cooperative negotiation process
Hypothesis 3b	Rational tactics has a positive effect on the cooperative negotiation process
Hypothesis 3c	Hard tactics has a negative effect on the cooperative negotiation process
Hypothesis 4	High time pressure has a negative effect on the cooperative negotiation process
Hypothesis 5a	Relative Legitimate Power has a positive effect on the cooperative negotiation process
Hypothesis 5b	Relative Reputational Power has a positive effect on the cooperative negotiation process
Hypothesis 5c	Relative Informational Power has a positive effect on the cooperative negotiation process

3.2.8 Corresponding model of this study for testing

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Figure3. 1 Findings and discussion of hypothesized relationship



Chapter4 RESEARCH METHODOLOGY

4.1 Introduction

The purpose of the study is to investigate the relationships between individual, strategic and contextual components and the outcome of negotiation as a cooperative process of negotiation that may lead to satisfaction, which encourages future relationships as a result. To investigate these linkages, 12 hypotheses were formulated based on the literature that was reviewed (see Chapter 2 and Chapter 3). This present chapter discusses the appropriate method to test the hypotheses, and introduces the empirical approach and method adopted in the current study to test the overall conceptual framework developed (in Figure 3.1) and hypothesised (in Table 3.3). The operational issues of ‘how’ this study will address the research objectives will be discussed. The main themes of this chapter cover the following five sections: (1) research method selection and strategy, (2) sampling strategy, (3) measurement of variables and pre-test, (4) implementing an online mail survey and (5) a description of the survey responses.

Initially, the research method discusses and justifies usage of the survey questionnaire to collect data with which to test the hypotheses. Secondly, the sampling strategy and data-collection procedure and selection of respondents are addressed. Thirdly, the questionnaire design with its measurements and the pre-testing of the instrument is reported. Following that, the whole process of implementing the online mail survey for data analysis is explained in detail. Finally, the descriptions of the survey responses including response rate, missing data and common method variance (CMV) issues are provided.

4.2 Research method and strategy

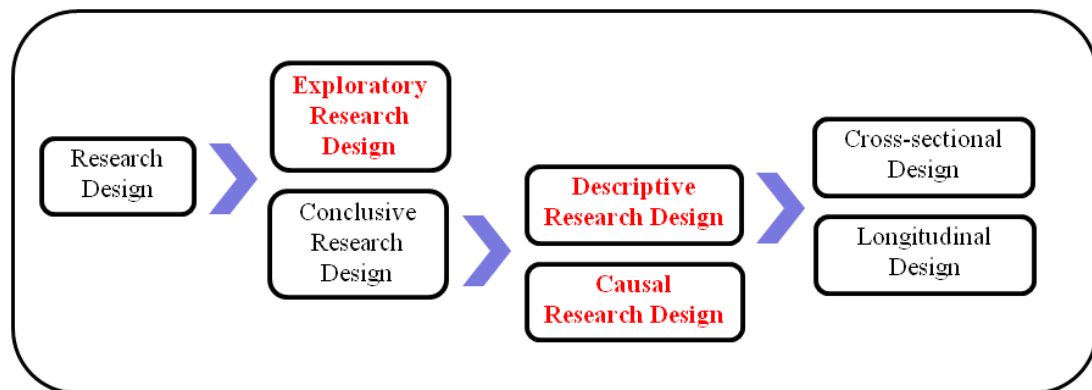
4.2.1 Research method selection

Depending on the purpose of research, there are three types of research design – exploratory, descriptive and causal research (in Figure 4.1) – and they are compared in terms of objectives, characteristics and methods (in Table 4.1). *Exploratory research* is appropriate at the beginning or in the developmental stage to define the sensible nature of the research problem and perhaps compose compatible hypotheses for testing in the next step (Chisnall

2001). This type of research tends to determine the best research design, data-collection method and the selection of the subjects, often concluding that a perceived problem does not actually exist. Exploratory research, which is used to discover ideas and insights, often relies on secondary data sources such as reviewing the available literature and/or data, observation, in-depth interviews with experts, focus groups, projective methods, case studies or pilot studies and the use of qualitative approaches instead of specified quantitative data. As a result, through exploratory research, hypotheses about what is going on in a certain situation have been produced by researchers. Descriptive research is applied when the research problem is well structured and distinguished (Ghauri and Gronhaug 2010). An *effective descriptive research design* is apparent through its clear statement of problems, explicit research objectives, detailed information needs and measurements (Kinnear and Taylor 1996). Cross-sectional design is popular when making use of descriptive research that is observational in nature, not causal or relational, including data collection in many cases in order to detect patterns of association based on the quantifiable data with numerous variables. *Causal research* is specifically designed to explore the effect of one variable on another. It is appropriate to use to achieve the following results: (a) to understand which variables are the cause of what is being predicted and (b) to understand the functional relationship between the causal factors and effects (Kinnear and Taylor 1996). This study initially uses a deductive approach while inferring the hypotheses and measuring instruments, as our research problem is structured and well understood in the academic literature; it is clarified by a clear statement of the specific research objectives and detailed information and measurement needs (Ghauri and Gronhaug 2010). A causal research approach is applied once the objective determines which variable causes a certain behaviour. Hence, in relation to the international business negotiations of this research, causal research is particularly pertinent in exploring the variables and compositions of individual, strategic and contextual components and their corresponding impact on the negotiators' approach towards an integrative, cooperative or problem-solving behaviour.

There are two research methods for exploring the cause-and-effect relationship between variables – *experimentation* and *simulation* – that are generally used in negotiation research. As demonstrated in the review of previous studies, much of the research in negotiations has been experimental in nature, relying primarily on students as research subjects. Similarly, observations have also been made by others, for example, Famsy (2004) notes that the academic negotiation literature is dominated by studies of American undergraduate psychology students.

Figure4. 1 Classification of market research designs



Source: Bryman (2012); Hair, Money, Samouel, and Page (2007)

Table4. 1 Comparison of basic research designs

	Exploratory	Descriptive	Causal
Objective	Discovery of ideas and insights	Describe market characteristics or functions	Determine cause and effect relationships
Characteristics	*Flexible *Versatile *Often the front end of total research design	*Marked by the prior formulation of specific hypothesis *Preplanned and structured design	*Manipulation of one or more independent variables *Control of other mediating variables
Methods	*Expert surveys *Plot surveys *Secondary data (qualitative) *Qualitative research	*Secondary data (quantitative) *Survey *Panels *Observational and other data	*Experiments

Source: Bryman (2012); Hair, Money, Samouel, and Page (2007)

It is true that the research design is a comprehensive plan to associate research questions with relevant and practicable empirical research (Ghauri and Gronhaugh 2010). It plays a prominent role in connecting the subsequent research activities such as data collection and its analysis. The choice of research design is conceived as the overall strategy to obtain the information expected along with resolving the research problems in the best possible way within the given constraints. This choice influences the subsequent research activities. In general, the way in which researchers develop research designs is fundamentally affected by whether the research question is descriptive or explanatory. It affects what and how information is collected. According to the proposed research problems, the three main strategies of exploratory research, descriptive research and causal research have been considered.

The development stage of the topic is critical when choosing an appropriate research methodology because the knowledge-accumulation process usually follows a 'life-cycle' pattern (Jao 1996). When the level of knowledge is new and elusive, in-depth qualitative methods are used to describe the phenomena and to extract research propositions for further exploration and testing, as was the case during the development of the model for international business negotiations by Ghauri (1983) and Ghauri and Usunier (2003). As the level of knowledge-development increases, the research emphasis should shift from conceptual development to theory testing, as suggested by many researchers of international business-negotiation models (Herbig and Gulbro 1997; Reynolds, Siminitiras and Vlachou 2003; Weiss 2004; 2006). Additionally, at this stage, hypothesis-testing procedures are generally required (Stobaugh 1984).

A variety of methodologies has been adopted in the research related to international business negotiations (Reynolds, Siminitiras and Vlachou 2003). A deductive-analytic approach is then logically asserted to force the researcher to assume away some of the multidimensionality in causal relationships and narrow the scope of the research (Dupont 1991; McCall and Warrington 1984). An overall survey methodology has only been implemented in experimental studies whereby existing different sample groups are used as the basis for comparison in simulation settings (Graham 1985; Lituchy 1988; Graham 1997; Chan et al. 1994). Most of the negotiation simulations developed by Kelley (1966) and used by Pruitt and Lewis (1975), Lewis and Fry (1977), Graham (1983), Clopton (1984) and Adler et al. (1987) involve bargaining for the prices of three commodities. In particular, Adler et al. (1987) provided each negotiator with an instruction sheet, including a price list with associated profits for each price level. Participants are allowed 15 minutes to read the instructions and plan their bargaining strategies. Differing amounts and types of background information can be included with the basic pay-off matrices, depending on the focus of the research. While simple enough to learn quickly, the simulation usually provides enough complexity for one hour of substantive interaction. Within the one-hour time limit, negotiators use face-to-face free communication. While several other negotiation and negotiating simulations have been considered, Kelley's game was selected primarily because it best simulates the essential elements of actual commercial negotiations observed in preliminary field research. The case study and simulation approaches have played a major role in the study of international business negotiations; however, these approaches are limited in addressing the issues of testing the relevant factors in international business-

negotiation processes (Reynolds, Simintiras and Vlachou 2003), thus highlighting that the 'field of study has to move on' (Weiss 2004). This has hindered the area's development and pushed the field forward conceptually and theoretically, resulting in management-type prescriptive guidelines (Acuff 1997). This study therefore uses a deductive frame to gain an overall understanding of the complex process-related issues of international negotiations in relation to the three components – individual, strategic and contextual – based on survey responses with participants who have international M&A experience in order to gain a much-needed degree of quantitative objectivity.

4.2.2 Research strategy: the quantitative approach

The focus on qualitative or quantitative methodologies has received considerable attention in business and management research (Bryman 2012). According to the research strategy and the epistemological foundations, qualitative and quantitative research are the eminent strategies to employ (Bryman 2012). Some scholars argue that qualitative research provides a more personal and subjective understanding of a particular event by getting 'inside it', as suggested by Kervin (1992). In other words, it usually focuses on words rather than on quantification during the collection and analysis of data while placing the emphasis on an inductive approach to the relationship between theory and research for the generation of theories. Meanwhile, it rejects the practices and norms of the natural scientific model and of positivism in particular, in preference for an emphasis on the ways in which individuals interpret their social world and it embodies a view of social reality as a constantly shifting emergent property of individuals' creation (Bryman 2004). Other scholars, however, favour the use of quantitative methods because they offer a more scientific approach with regards to formal studies as well as to the social sciences in general (Remenyi et al. 1998). Methods such as the design of experiments plus the use of statistical techniques, both univariate and multivariate, ensure that observations can be made and measures can be attributed to what are believed to be the causes (Remenyi et al. 1998), as is the case in this study on the associational effect of variables in international business negotiations. The purpose of the following is to suggest that both approaches to research are necessary, and that each depends upon the other if significant and generalisable additions are to be made to the body of knowledge.

In the methodologies of existing research on international business negotiations, the choice of research respondents and participants has been criticised and focused on (Angdal 2007).

The rationale for selecting students is ease of access. Hence, there have been some discussions as to whether the negotiation behaviour of students accurately reflects the negotiation behaviour of ‘real’ negotiators. The conclusion is that the negotiating behaviour of students has been shown to differ significantly from that of professionals (Zarkada-Fraser and Fraser 2001). Some scholars thus question the validity of experimental findings that rely on students as research subjects, even though this approach is established in practice (Zarkada-Fraser and Fraser 2001). Therefore, in order to counter this, actual international negotiators who are experienced in international M&A negotiations will be utilised in this research.

Table4. 2 Methodology of previous research in international negotiation

Type of research	References
Review/ Essay/ Descriptive research	George, Jones, & Gonzalez (1998); Korsgaard, Jeong et al. (2008); Leung, Bhagat et al. (2005); Sebenuis (1992); Torre (1981); Wall & Blum (1991); Wall & Callister (1995); Weiss (1993); Brooks and Rose (2004); Gelfand and Dyer (2000); Fayerweather & Kapoor (1972)
Case research	Brouthers & Bamossy (1997); Yan & Gray (1994)
Scenario /simulation/ interview	Adler, Brahm & Graham(1992); Adler, Graham & Gehrke (1987); Gelfand at al. (2002); Graham (1983; 1985); Malhotra & Bazerman (2008); Neale & Bazerman (1985); Tinsley (2001); Tinsley and Brett (2001); Bacon & Blyton (2007); Francis (1991)
Quantitative method (regression, ANOVA, MANOVA, T-test)	Brett & Okumura (1998); Morris at al. (1998); Rao & Schmidt (1998); Abramson, Lane et al (1993); Adair & Brett (2005); Adler & Graham(1989); Adair, Okumura and Brett (2001)

4.3 Sampling strategy

The sampling strategy is equally significant in both qualitative and quantitative research methods, especially since the strategy selected can have a critical impact on the quality of the research findings by ensuring which units are able to be representative of the broader population. Once we understand the research gaps based on the previous research and research questions, we attempt to manipulate the overall sampling strategy that is utilised for the required data collection.

Fink (1995) described surveys as ways of generating information to describe, compare and

predict attitudes, opinions, values and behaviour based on what people say or see and what is contained in records about them and their activities. The survey methodology used in this research is a large-sample survey involving data collection from international negotiators in Korea who have actually experienced negotiating with foreign partners in the area of M&As.

The sampling approach can be divided into two broad categories: probability and non-probability samples. Probability sampling has been distinguished as a sample in which each unit in the population has a known chance (probability) of being selected, while in a non-probability sample, some units have a greater, but unknown chance (probability) of being selected than others do (De Vaus 1996; Bryman 2012). We chose to implement the non-probability sampling approach, even though we can generalise the results derived from the sample to the population by using probability sampling. It also requires dealing with precise data regarding international M&A negotiators in Korea, which requires time, effort and cost, leading to uneconomic propositions and affecting the sample size as well.

4.3.1 Population definition and sampling method

A population is used in a statistical sense and refers to any group of people or objects that are similar in one or more ways, thereby forming the basis for the subject of study in a particular survey (Chisnall 2001:68). In order for the rigorous external validity of this study relating to the generalisation of the degree to which the conclusions would hold for other respondents in other places and at other times to hold true, we specify the criteria of the population and randomly select respondents. We clearly define the criteria for the population as practical Korean negotiators who have experience in international M&A negotiations with foreign partners and who specifically understand this type of negotiation.

Business surveys at a firm level are usually confronted with more difficulties compared to other types of surveys (Dillman 2000). The population is too large for researchers to attempt to survey all of the people within the population. Carefully or randomly selected samples that reflect the characteristics of the population to be drawn from can be used to represent the population in a survey. Obtaining survey responses from Korean managers experienced in cross-border M&A negotiations is actually assumed to be complicated, since the response rate is particularly low. In order to prevent a low response rate from the survey, data is generated through key-informant techniques among Korean international

negotiators. This technique defines populations and response rates based on those who will pre-commit to responding (Poppo and Zenger 1998). Thus, the key informants in this research are defined as managers who are knowledgeable about cross-border M&As and negotiations with foreign partners.

We adopt two selection criteria for the key informants in this research. The first criterion is the informant's working experience. The experience refers to the length of time the informant has been involved in multilateral negotiations, since those who are more familiar with the complexities in multilateral negotiations seem better equipped to deal with their counterparts in such negotiations (Devine 1990). The working experience of the respondents in this research are as described in Table 5.3; 32.8% of the respondents have 0 to 2 years of experience in international negotiation, 22.1% of them have 3 to 5 years, 7.4% of them have 6 to 10 years and 16.4% of them have more than 10 years of working experience in international negotiation, while the remaining 21.3% is unaccounted for, unfortunately.

The second criterion is knowledge, whereby the question here is: Was the informant familiar with the collaborative negotiation phenomenon? People responding to the survey should have been formally involved in the decision-making processes during international M&A negotiations, thus having sufficient knowledge to answer the questionnaire items. The considerable time and effort involved should be highlighted, whereby pre-contact with the respondents was undertaken to identify their levels of knowledge and experience before confirming eligibility in order for them to be effective informants for this research.

Since the names and the telephone numbers of the contact people could not be obtained from the directory, we directly called the companies that were on the list of international M&A experienced companies on the Thompson database, and we pursued the key informants. First of all, we contacted the potential department, such as the strategy or international business departments that the managers might belong to, and requested personal contact numbers and the names of key personnel who were then currently in charge or were previously in charge of international M&A negotiations. Subsequently, we contacted the key personnel again (the experienced international negotiators) and introduced the objective of our research and the reasons for asking them to participate in the questionnaire survey. Furthermore, we contacted the dean of an M&A training centre, and he helped to distribute our research introduction while asking for volunteers to

complete the survey through the intranet, since the centre could not provide us with a contact list.

4.3.2 Selection of respondents

The research respondents consisted primarily of Korean international M&A negotiators. In order to obtain the sampling list from a variety of sources, we first inspected a list of around 2500 Korean companies who had completed M&A negotiations with foreign companies after the year 2000 in the Thompson database. However, since it did not offer the company or personal contact points, addresses, emails, capital, employee numbers or product categories, we searched each company's website from the list through the Google search engine. Furthermore, we checked the availability of the M&A history of the companies along with the phone numbers, and the potential respondents who actually operated or participated in the M&A negotiations, principally in the international strategy or business departments.

There were three main criteria for selecting the companies from the databases: (1) the majority of the sample companies for international M&As should have more than 10% equity, since 10% ownership is the minimum to be considered as independent as an acquired company or an acquiring company; (2) most of the chosen Korean companies should have an obvious history and experience in international M&As; and (3) the size of companies were asked about, pertaining to the number of employees or the total sales in 2009 in order to be acknowledged as an available and independent organisation. According to Ali (2004), firm size is measured by assets, annual sales and the number of employees as the determinants of a firm's core competence. We generally did background checks with the respondents in order to ensure the company complied with the minimum standards/criteria before filling in the survey questionnaire, since that information was confidential in many cases.

We only obtained 573 contact details of international negotiators experienced in M&As. However, most of them declined to respond to the survey with various reasons, such as domestic negotiation experience instead of international, small product selling–buying type of negotiation experience, high confidentiality in their company, intensive workloads or time restrictions, non-core member of the previous M&A negotiations and resignation. As a result, through online surveys, we received 43 final survey questionnaires.

In the interim, we contacted the President of the M&A Specialist Academy in Korea. He kindly helped to distribute the survey questionnaire through emails to the members who were normally practical negotiators, due to the email listing of the members being confidential. Moreover, we used personal contacts and sometimes, respondents introduced us to other international negotiators who used to be their colleagues. Ultimately, we received 82 completed survey questionnaires. This, along with the 43 questionnaires obtained from online surveys, meant that we had 125 completed survey forms. Regrettably, we had to discard three of them because of numerous missing items.

4.4 Questionnaire design

Questionnaire surveys are a good method of researching negotiations if the objective of the study is to find answers to questions regarding attitudes, opinions, motivation or intentions, since these are factors that are not amenable to direct observation. They also assess the distribution of those answers among the population. The advantages and disadvantages of questionnaire surveys are summarised in Table 4. 3. Arbitrarily, survey questionnaires are an appropriate way of investigating the conceptual phenomenon of this study

Table4. 3 Advantage and disadvantage of questionnaire survey

	Contents
Advantages	<ul style="list-style-type: none"> ♦ Practical ♦ Large amounts of information can be collected from a large number of people in a short period of time and in a relatively cost effective way ♦ Can be carried out by the researcher or by any number of people with limited affect to its validity and reliability ♦ The results of the questionnaires can usually be quickly and easily quantified by either a researcher or through the use of a software package ♦ Can be analysed more scientifically and objectively than other forms of research ♦ When data has been quantified, it can be used to compare and contrast other research and may be used to measure change ♦ Positivists believe that quantitative data can be used to create new theories and/or test existing hypotheses

Disadvantages	<ul style="list-style-type: none"> ♦ Is argued to be inadequate to understand some forms of information – i.e. changes of emotions, behaviour, feelings etc. ♦ Phenomenologists state that quantitative research is simply an artificial creation by the researcher, as it is asking only a limited amount of information without explanation ♦ Lacks validity ♦ There is no way to tell how truthful a respondent is being ♦ There is no way of telling how much thought a respondent has put in ♦ The respondent may be forgetful or not thinking within the full context of the situation ♦ People may read differently into each question and therefore reply based on their own interpretation of question – i.e. what is 'good' to someone may be 'poor' to someone else, therefore there is a level of subjectivity that is not acknowledged ♦ There is a level of researcher imposition, meaning that when developing the questionnaire, the researcher is making their own decision and assumptions as to what is not important...therefore they may be missing something that is of importance.
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Source: Popper (2004); Ackroyd and Hughes (1981)

The framework presented in Chapter 3 (shown in Figure 3.1) clearly specifies which hypothesised relationships shall be investigated in this research. These constructs and hypotheses of interest help researchers to determine what type of questions should be asked in the development of the questionnaire. The abstract and subjective nature of concepts in international business negotiations have to be defined with care. The operationalisation of concepts is often used to denote the procedure whereby concepts are given particular measures (Bryman 2010). Multi-item and multiple-variable measures of indicators are widely implemented for various reasons. Firstly, a single variable for each factor is inadequate for reflecting broad concepts in international business negotiations, and is thus split into 'sub-variables'. Secondly, regarding the questionnaire, a poor question can be offset by the use of multiple items and by reducing the levels of inappropriate data for a variable. Finally and most importantly, more than one indicator can offer a much finer distinction (Bryman 2010), as reflected in this research, whereby each factor is split into sub-variables, with each having its own multiple questionnaire items.

Regarding the development of measures for these scales, Kim (2004) indicates that researchers have a few options when designing individual questions: (1) adopting questions employed by other questionnaires, (2) adapting questions employed by other questionnaires and (3) creating one's own questions. He points out that the first and second option provide many advantages compared to the third option, such as securing the validity as well as the reliability of the questions. Extant empirics were basically adapted to select individual

items. This research uses a seven-point Likert scale to ask participants to indicate the extent to which he/she perceives a certain variable that closely reflects the situation in their international M&A negotiations. 1 is denoted as a very small extent, whereas 7 indicates a very large extent. This will be further discussed in detail in the following sections. The items were generated with guidelines suggested by Churchill (1979), summarised in Table 4.4.

Table 4.4 Paradigm for the development of questionnaire

Scale development steps	Recommended coefficients of techniques
1. Specify domain of construct	Literature search
2. Specify list of hypotheses	Domain specification Dimension and variables identification
3. Generate sample of items	Literature search
4. Data collection	Pre-testing Face to face consultations Experience surveys Item pool

Source: Churchill (1979)

The wording in each question item has been carefully polished. The literature about questionnaire design was taken seriously in an effort to employ clear, simple and unambiguous language and to avoid double-barrelled, negative and leading questions (Oppenheim 2000; Dillman 2000; Churchill and Iacobucci 2004; Bryman 2010). In the meantime, the ordering and length of the questionnaire was also another critical point. The questionnaire layout and appearance may also influence the participation of respondents. A vertical flow when answering questions was created to prevent intentional omission. Sub-headings were also provided to support the connection to and continuity in the questionnaire. All these issues were addressed during the pre-test of the questionnaire.

Questionnaire items were generated from a comprehensive literature search pertaining to the factors in international business negotiations. A process, recommended by prominent scholars such as Churchill and Iacobucci (2004), Nunnally (1978) and Churchill (1979), among others, was used. The starting point involves the development and usage of new, conceptually consistent, theoretical definitions of the various constructs and converges on developing scales that describe these constructs. One goal of this research was to develop sound scales that were both parsimonious and as simple in structure as possible. To begin the construction of the scales, theoretical definitions were needed to enable the assessment

of scale content validity as well as to provide a starting point for the generation of items (Nunnally 1978). Here, the prime concern was to create a consistent set of definitions that would remain compatible with the theory regarding international business negotiations. The generated lists of potential scale items were gathered based on established definitions and were evaluated for conformity to the theoretical definitions by the pre-test.

4.4.1 Variable measurement: Likert-type scale

The variables are measured by employing a seven-point Likert scale in this research. Generally, the most widely used method of estimation in a quantitative study is probably a simple proportional transformation, which would be the easiest and the most obvious method of estimation (Colman, Norris and Preston 1997). Additionally, 5- or 7-point-scale formats are the most popular and common, though 10- or 11-point scales are also used sometimes (Loken et al. 1987). For instance, according to Dawes (2008), the 7-point format is lengthier whereas the 10-point format is quite impractical as the scales of agreement are too fine to be easily expressed in words. Numerous studies have focused on this issue of how scale format affects scale reliability and validity and how many choices should be offered (Dawes 2008). Measuring variables is a complicated task and a debatable one, since there is no clear and easy way to estimate through objective criteria (Lane et al. 2001). For instance, psychologically, an odd number of choices may allow respondents to sit on the fence, while an even number forces respondents to make a choice. Some respondents are also prone to not making extreme choices, as this may make them appear as if they are totally sure, as they realise that there are always valid opposing views to many questions. Respondents generally prefer to be thought of as moderate rather than extremist, so much so that they are much less likely to choose extreme options. Thus, one of the ways to counter this issue in this research is to offer seven choices rather than five. Simultaneously, both simulation and empirical studies have generally considered that reliability and validity are increased by using 5- to 7-point scales compared to any other scale points, as more finely graded scale points do not further encourage either reliability or validity (Dawes 2008).

Concurrently, there are some disadvantages discovered in the Likert scale for surveys (Bryman 2010; Churchill and Iacobucci 2004). The first problem of Likert scales is that they can hinder the respondents' opportunities for self-expression and that there can be a distinctive tendency for the respondents to estimate 'appropriate' answers, since only a few options are offered and the respondents may not fully agree with the simple questions.

Secondly, numeric scales are sometimes impractical due to the possibility of differences in interpretation (Bailey 1987). In other words, there is no guarantee that ticking '2' by one person is cognitively equal to another's '2'. Thirdly, the choice of an odd or even number of response options and the number of items asked need to be carefully considered in terms of question construction and design. There is an argument that the middle alternative is often selected inappropriately by the majority of respondents ticking the option without careful thought (Kull 2000). However, others contend that not including a middle alternative means forcing respondents to choose a dichotomised option one way or another through their judgment (Saunders et al. 2003).

Despite these disadvantages, Kwon (2005) explains the validity and the reason why many scholars use the method practically, by asserting that the Likert-type scale provides a very useful and uncomplicated method of obtaining data on personal judgments and attitudes. Saunders et al. (2003) also confirm that the response to the Likert-type items is useful when the objective is to ask respondents about their opinions, beliefs or attitudes regarding specified topics and questions. In addition, a clear answer to the question on how to measure variables in international negotiation research is given in the Appendix. All of the previous research on international negotiation associated with the problem-solving approach has predominantly employed Likert-type rating scales. Most notably, all of the items are measured using 7-point Likert scales, which is the most widely used response scale featured in survey methodologies within business research. A number of studies currently use the Likert-type scale questionnaires when measuring individuals' perceptions of the relative value of the variables within the context of negotiation (e.g. Adler and Graham 1989). The examples of such variables typically may involve personal intent or experience (Hitt et al. 2000; 2004), assessment of relationships (Glaister and Buckley 1997; Lane et al. 2001), cultural issues (Lane et al. 2001; Lyles and Salk 1996) and so on. Consequently, usage of the Likert-type scale can be contented to be appropriate for this study, since the suggested dependent and independent variables are related to the opinions or attitudes of individuals participating in international negotiation.

4.4.2 Demographic questions

Basic demographic factors, such as gender, age, international business experience, educational level and role/job responsibility are mainly employed in the literature concerning the research on international business negotiations (Graham et al. 1992; Herbig

and Gulbro 1997; Volkema 2004; Volkema and Tereza 2002; Agndal 2007). In order to understand the size of acquiring and acquired firms and the length or success of M&A relationships, background checking is required regarding the amount of sales, number of employees and year of the M&A negotiation. In particular, a firm's position as acquiring or acquired was considered with the amount of equity stake of a respondent's company, since negotiation behaviour and considerations might be distinguishable depending on their economic and strategic positions. However, some demographic questions were deleted, as they might have reduced the response rate and they might also have been related to confidential company information, as demonstrated in the pre-test experience with the practical negotiators.

4.4.3 Dependent variable

In general, much research focuses on the profits and satisfaction level as an outcome of negotiation, indicating the balance between the economic and psychological perspectives (Adler and Graham 1989; Adler, Brahm and Graham 1992; Adler, Graham and Gehrke 1987; Ma 2007). However, as mentioned above in Chapters 2 and 3, in terms of the integrative process as an outcome of negotiation, we hereby engage and focus on the integrativeness during the process of face-to-face negotiations.

This measurement chooses to extend beyond profit and satisfaction as an economic view and a psychological view, respectively, which has been emphasised previously in many past research studies (Rubin and Brown 1975; Money 1998; Graham, Mintu and Rogers 1994). In Adler and Graham (1989), cooperativeness is measured with five items in a 5-point Likert-scale rating: (1) solving a mutual problem to self-interested, (2) exploitative to accommodating, (3) honest to deceptive, (4) informative to persuasive and (5) unbiased to biased. In addition, satisfaction with the final agreement, individual profit and performance during the negotiation have been measured as well. Ergo, we employed two items for the integrativeness during the negotiation process in this research with two items in the 7-point Likert-scale rating: (1) cooperativeness to competitiveness and (2) overall satisfaction with the success of the negotiation.

4.4.4 Independent variables

The independent variables that are expected to influence the atmosphere of the negotiation,

which the negotiators perceived, are categorised into three dimensions (see the research framework): ‘individual components’, ‘strategic components’ and ‘contextual components’. This research will later illustrate the step-by-step measurements of the variables. The first of the components is related to the personal attractiveness between two parties and the personality of the negotiator himself/herself. The second set of components is mainly comprised of factors explaining the strategic management or skills such as soft, hard and rational, which significantly affect the mood and results of negotiation. The last components are the applications of time pressure and relative power (i.e., legitimate, reputational and informational) in face-to-face negotiations.

We have previously reviewed the research design hypotheses in Chapter 3. Herein, we explain the operationalisation of all the variables employed in this research, based on the previous survey questionnaire items, which are slightly revised in order to improve the questionnaire, based on the pre-test comments and specified conditions and limitations of using Korean M&As with foreign partners. All of the dependent variables are measured with 7-point Likert scales, as described above.

Interpersonal attraction has been confirmed to have a strong influence on the negotiation outcome and even on the success of future transactions. McGuire (1968) indicates that when negotiators are attracted to each other, they are prone to making sacrifices, giving concessions in order to preserve gratifying individual relationships. That means an individual negotiator is likely to give up economic rewards for the social rewards of a relationship with an attractive counterpart. This powerful variable used to be simply measured by like–dislike and friendly–unfriendly feelings (Simons, Berkowitz and Moyer 1970), or love and trust feelings (Lewicki et al. 1994; Rempel et al. 1985) as personal attraction measures. Adler and Graham (1989), however, used three items in their survey questionnaire, and we employed those items in this research by asking ‘To what extent were you satisfied with your partner after the M&A negotiation?’ while presenting the three following items as: (1) we felt comfortable with the particular people with whom we were paired with, (2) we were interested in the people with whom we were paired with and (3) we are interested in seeing the people with whom we were paired with again.

Personality has been measured in various ways in accordance with the theoretical concept and its definition. Abramson et al. (1993) used the MBTI (i.e., extrovert, sensing person, high in thinking and high in judging) as a measurement of the personal cognitive type,

which is described in Myers and McCaulley (1986). The popular five-factor model that includes extraversion, neuroticism, conscientiousness, agreeableness and openness to experience has been applied across cultures (Digman and Shmelyov 1996). George et al. (1998) introduced positive and negative affectivity as a personal disposition, which are crucial to information processing during cross-cultural negotiations. Moreover, in the international business-negotiation context, Adler, Graham and Gehrke (1987) discovered four other individual negotiators' characteristics: generalised self-esteem, task-specific self-esteem, years' work experience and percentage of work involving contact outside one's firm. Rubin and Brown (1975), Fry (1985) and Greehalgh and Neslin (1983) proposed the study of the Machiavellianism effect on the negotiation outcome. Finally, Brooks and Rose (2004) posit three CAD personality categories (i.e., compliant, aggressive and detached), which were originally suggested in the negotiation marketing research by Cohen (1967) in order to operationalise negotiators' characteristics based on Horney's (1945) social-orientation trait. In this manner, we apply this concept for this negotiation study. Cohen (1967) actually introduced 24 questionnaire items; however, we refined and reduced them to 10 items to increase reliability and validity, since a number of the items were manifold and repetitive. Thus, we asked 'to what extent were you satisfied with your partner after the M&A negotiation?' with the following 10 items as: (1) giving comfort to those in need of friends is, (2) for me to pay little attention to what others think of me seems, (3) to feel that I like everyone I know would be, (4) if I could live all alone in a cabin in the woods or mountains it would be, (5) to give aid to the poor and underprivileged is, (6) telling a waiter when you have received inferior food is, (7) planning to get along without others is, (8) a strong desire to surpass others' achievements seems, (9) to have the ability to blame others for their mistakes is and (10) having to compete with others for various rewards is.

In relation to tactics, Rao and Schmidt (1998) introduced negotiator influence tactics in their structural model, which is driven by Kipnis and Schmidt's (1985) parsimonious classification of hard, soft and rational frames. These categories are based on earlier inductive classification research, with assertiveness (i.e., strong tactics), rationality (i.e., rational tactics) and ingratiation (i.e., soft or weak tactics) as part of the 29 items introduced by Kipnis, Schmidt and Wilkinson (1980). Here we utilise 12 out of those 29 items in our questionnaire by diverging it into 4 items per observable variable (soft, hard and rational tactics) in order to increase reliability and validity while negating repetitive and confusing items. Thus, we asked 'how frequently each reason had been the cause of their trying to influence the target person to something' with the following 12 items. Each tactic (i.e., hard,

soft and rational) includes 4 items, respectively, with hard tactics as: (1) we became a nuisance (kept bugging our partner until our partner did what we wanted); (2) we repeatedly reminded our partner about what we wanted; (3) we expressed our anger verbally; and (4) we pointed out that the rules required that our partner comply. The soft tactics were (1) we acted very humbly to our partner while making our request, (2) we acted in a friendly manner prior to asking for what we wanted, (3) we made our partner feel good about us before making our request and (4) we asked in a polite way. The rational tactics were (1) we wrote a detailed plan that justified our ideas, (2) we presented our partner with information in support of our point of view, (3) we explained the reasons for our request and (4) we used logic to convince our partner.

Relative power and the effects of power have been argued about and developed in French and Raven (1959), Emerson (1962) and El-Ansary and Stern (1972). Reward, coercive, referent, legitimate, expert, information and departmental power are broadly introduced in Kohli (1989). However, since the M&A negotiators are all experts and, furthermore, by excluding rewards and individual profits, we therefore employ only three relative power factors – legitimate, reputational and informational power – based on the questionnaire items from Kohli (1989) by entreating ‘to what extent do you agree with each of the following about your partner, relative to your party based on the recent M&A negotiation?’ with the following 12 items. Each relative power factor (i.e., legitimate, reputational and informational) includes 4 items respectively, with legitimate power as: (1) we felt our partner is entitled to direct our actions on the job; (2) because of our partner’s position, our partner had the right to influence our behaviour; (3) we felt our partner had the authority to ask for the compliance; and (4) we felt our partner in his job position had a legitimate right to influence the decision making. For the reputational power factor we used: (1) we admired our partner as a reputable company, (2) we identified our partner because of their reputation, (3) we respected our partner for their high qualities and (4) we liked our partner as a negotiation party. For informational power: (1) our partner had access to the very convincing information not available to us, (2) our partner had sufficient information to effectively negotiate with us, (3) the information our partner provided was logical and makes sense and (4) our partner held independent discussions with us based on sufficient information.

Time pressure has been controversial in terms of the positive or negative effect on the outcome of a negotiation, especially regarding the integrative process surrounding it

(Walton and McKersie 1965; Pruitt 1981; Carnevale and Lawler 1986; Stuhlmacher and Champagne). Saorin-Iborra (2008) proposed interview guidelines regarding questions pertaining to time pressure, such as ‘how long has the process lasted?’, ‘was there sufficient time to negotiate?’ and ‘how was the time available managed?’ The interview also reveals that the need for secrecy and the perception of time availability are the main determining factors of time pressure. Kohli (1989) suggests that time pressure refers to the extent to which buying centre members feel pressured to make a decision quickly, with the three questionnaire items pitched as ‘they felt pressure to reach a decision quickly’, ‘the decision-making process was rushed’ and ‘they had ample time to consider the various options carefully’. Thus, here we utilise and refine those items into 4 items in this research as: (1) we perceived there was sufficient time available to negotiate, (2) we perceived the high level of secrecy required as important, (3) we perceived the preparation for negotiation before face-to-face meetings as important and (4) we perceived any internal or external pressures to reach the final agreement.

4.4.5 Pre-test of survey administration

Basically, the aim of piloting is to evaluate the appropriateness of questions and to improve them so that respondents will not have any problems in understanding and answering questions. Moreover, the validity of the research instrument is confirmed and subsequently, the reliability of measurements can be improved through the process of pre-testing (Saunders et al. 2003). Hunt, Sparkman and Wilcox (1982) offered five fundamental principles of pre-testing: (1) what specific items should be pre-tested?, (2) what method should be used to conduct the pre-test?, (3) who should do the pre-testing?, (4) who should be the subjects in the pre-test? and (5) how large a sample is needed for the pre-test? Thus, the need for the pre-test is not only to ensure that the survey questions operate well, but also to confirm that the research instrument as a whole functions well (Bryman 2010). Hence, prior to conducting the questionnaire survey, assessing a primary version of the questionnaire, also known as pre-testing, is always judicious.

Based on the various expectations of pre-testing, we performed it with a clear objective to correct poor wording, fix confusing positioning and the design of the questionnaire with regards to appropriateness of interpretation, to ensure adequate scale items, amend reluctant or missing questions, establish the questionnaire length and the order of the questions and to elect the best font size for printing. According to Baker (1994), preliminary and formal

pre-tests need to be performed in steps. Thus, several Korean and foreign PhD students at Manchester Business School and Kings College London were approached to provide feedback on all aspects of the questionnaire, such as the overall design, wording and ease of understanding of the questionnaire as a first step, since it can be conducted among friends and acquaintances who are able to participate in the preliminary pre-test. During the formal pre-test as a second step, it was also given to several middle managers who were experienced in international negotiations and understood them practically based on their experience, as a way to ask for suggestions and comments. To maintain consistency with the actual survey administration, we mailed the pre-test survey questionnaires to a small sample of selected individuals in the Samsung, Posco and LG companies¹¹. When the respondents received the questionnaire, they were asked to complete it and to write comments on it. The second revision of the questionnaire was implemented based on their suggestions.

4.4.6 Final questionnaire

It was decided that the questionnaire would be presented in the Korean language. The Korean translation was prepared for the experienced Korean M&A negotiators. The thinking behind addressing Korean negotiators in their native language was an informed decision, alluding to practical considerations and courtesy, although they were able to communicate in English at an appropriate level generally. At a practical level, it was thought that Korean M&A negotiators would find it easier to complete the questionnaire in their native language and that this might encourage strong participation in the survey. To this end, the questionnaire was translated into a Hangeul (Korean alphabet) version. I approached a Korean PhD holder in the area of management at the University of Manchester along with another bilingual student proficient in both English and Korean to translate the questionnaire, who also further contributed by confirming the explicitness and appropriateness of the questions as well as introducing more suitable words and sentences, as shown in Appendixes B and C.

¹¹ Sampling procedure for the formal pre-test was carried out in the same way as the main sampling process.

Table4. 5 The questionnaire items

	Variables	Questionnaire items	References
Section A General questions		1. Gender and Age 2. Contact information 3. Foreign languages 4. Level of English speaking 5. Level of management 6. Company name 7. Company main product 8. Total sales 9. Total number of employees 10. Year of experience in negotiation 11. Company name of M&A partner 12. Year held M&A negotiation 13. Acquired or acquiring position 14. Equity stake of the company 15. Overall deal success 16. Overall negotiation atmosphere	Mintu and Gassenheimer (2002)
	I.Attractiveness	To what extent were you satisfied with your partner after the M&A negotiation?	Adler and Graham (1989)
Section B Individual components		1. We felt comfortable with the particular people with whom we were paired 2. We were interested in the people with whom we were paired 3. We are interested in seeing the people with whom you were paired again	
	II.Personality	To what extent were you satisfied with your partner after the M&A negotiation?	Cohen (1967); Horney (1945); Brooks and Rose (2004)
	*compliant personality *aggressive personality *detached personality	9) Giving comfort to those in need of friends is: 10) For me to pay little attention to what others think of me seems: 11) To feel that I like everyone I know would be: 12) If I could live all alone in a cabin in the woods or mountains it would be: 13) To give aid to the poor and underprivileged is: 14) Telling a waiter when you have received inferior food is: 15) Planning to get along without others is: 16) A strong desire to surpass others' achievements seems: 17) To have the ability to blame others for their mistakes is: 18) Having to compete with others for various rewards is:	

Section C Contextual components		To what extent do you agree with each of the following about your partner, relative to your party based on the recent M&A negotiation?	
	I.Legitimate	1. We felt our partner is entitled to direct our actions on the job 2. Because of our partner's position, our partner had the right to influence our behaviour 3. We felt our partner had the authority to ask for the compliance 4. We felt our partner in his job position had a legitimate right to influence the decision making	Kohli (1989)
	II.Reputational	1. We admired our partner as a reputable company 2. We identified our partner because of the reputation 3. We respected our partner for the high qualities 4. We liked our partner as a negotiation party	
	III.Informational	1. Our partner had access to the very convincing information not available to us 2. Our partner had sufficient information to effectively negotiate with us 3. The information our partner provided was logical and makes sense 4. Our partner held independent discussions with us based on the sufficient information	
	IV. Time pressure	1. We perceived it was sufficient time available to negotiate 2. We perceived the high level of secrecy need was important 3. We perceived the preparation for negotiation before face to face was important 4. We perceived any internal or external pressures to reach the final agreement	Kohli (1989); Saorin-Iborra (2008)
Section D Strategic components		How frequently each reason had been the cause of their trying to influence the target person to do something?	Rao and Schmidt (1998); Kipnis and Schmidt's (1985); Kipnis, Schmidt, and Wilkinson (1980)
	I. Hard tactics	1. We became a nuisance (kept bugging our partner until our partner did what we wanted) 2. We repeatedly reminded our partner about what we wanted 3. We expressed our anger verbally 4. We pointed out that the rules required that our partner comply	
	II.Soft tactics	1. We acted very humbly to our partner while making our request. 2. We acted in a friendly manner prior to asking for what we wanted 3. We made our partner feel good about us before making our request 4. We asked in a polite way	
	III.Rational tactics	1. We wrote a detailed plan that justified our ideas 2. We presented our partner with information in support of our point of view 3. We explained the reasons for our request 4. We used logic to convince our partner	

4.5 Primary data collection

4.5.1 Implementing online mail survey

As indicated in the previous section, the data for this study was collected mainly by means of a mailed online questionnaire, although a mixed mode to enable collecting the survey through survey websites, emails, faxes and visitations was adopted in this research. The paper questionnaire was created on the survey website including an introduction page as its front page, as shown in Appendix A. We added a picture of the researcher on the introduction page in order to ensure that respondents trusted our research and researchers in terms of both using the survey data and the purpose of research. Most of the electronic format questionnaires were sent to both the people on the network-sampling list along with those who had agreed to answer the survey (which we had confirmed earlier over the phone in a previous contact). The method of mass messaging, that is, showing many recipients' names in the email address area, was intentionally avoided because personalisation is crucial in increasing the response rate from an email or online survey (Dillman 2000). Whenever the respondents expected to have a hard copy of the survey questionnaire, either a self-addressed, pre-paid envelope was carefully folded in the package or the hard copy was faxed as per their preference. Alternatively, we confidentially visited them in their office to encourage the replies.

4.6 Description of survey responses

4.6.1 Response rate

A mixed mode to collect the survey through website links, emails, faxes and visitations with a hard copy was adopted in this research, as described above. As shown in Table 4.6 (the steps of data collection), to set up the list of respondents, we initially examined around 2500 Korean companies who had completed M&A negotiations with foreign companies after 1997 listed in the Thompson database. However, since the company contact numbers were not provided by the database, we searched for them on the Google website one by one, with company names and histories in terms of M&A experience. After I individually called companies and researched the availability of their M&A history, their phone number and the potential respondents who actually operated or participated in the M&A

negotiations, we managed to obtain 573 contact details for international negotiators. Most of them refused to respond to the survey with various reasons such as domestic negotiation experience, other types of negotiation experience, high confidentiality levels in their company, intensive workloads or time restrictions, being a non-core member of the previous M&A negotiations or resignation. Thus, we sent 111 people a personalised email with the survey website link and the introduction to our research and received 43 completed final survey questionnaires. Since most of respondents had a high workload, we sent reminder emails or made calls a few times to increase the response rate.

Nevertheless, 43 samples were not enough for data analysis; thereupon, we contacted the President of the M&A Specialist Academy. He kindly distributed the proposal emails for the survey questionnaire to members who were then current practical negotiators. Supplementarily, we used personal contacts and often, the respondents introduced other international negotiators to us who used to be their colleagues. Resultantly, we set up a new list of 148 potential respondents who promised to complete the survey questionnaire. In the end, we received 125 completed survey questionnaires, 82 of which were from the second phase, wherein we were forced to eliminate 3 of them because of numerous missing items.

In the first phase of this survey process with the Thompson database, the response rate was 39%, as 43 questionnaires were returned out of 111 potential respondents who initially promised to complete the survey. In the second follow-up phase, the response rate was 55%, as 82 questionnaires were completed out of the pool of 148 potential respondents who were individually requested to participate in this survey via email. Much of the published research on inter-organisational relationships reported a low response rate of around 15–20% and, as shown in Table 4.7, our response rate (e.g., 39% and 55%, respectively, for each phase) does not indicate low levels compared to other survey response rates in journals. The response rate in this study can be attributed to the continuous effort and repeated contacts with the non-respondents, such as personalised emails, follow-up phone calls and visiting their offices over a five-month period.

Following the procedure suggested by Armstrong and Overton (1977), we conducted two tests to examine the possibility of non-response bias, which usually occurs in a statistical survey if those who responded to the survey differ in outcome variables from those who do not respond. The demographic differences such as race, gender or socioeconomic status are frequently reported and accounted for through statistical modelling in market research.

Firstly, we scrutinised the companies and respondents' characteristics (e.g., number of employees, annual sales revenue, position, main product and English-speaking level) from the original population sample. Secondly, we compared early against late responses. The first phase of the returned questionnaires (34%) was defined as an early response while the second phase of collected questionnaires (66%) was regarded as a late response. No significant differences were observed when comparing the means of the research constructs within the two groups. Therefore, we assume that non-response bias was not a significant issue in the data analysis of this research. The data collection started at 15 October, 2009 and finished at 9 September, 2010. This long journey of the data collection takes more than a year total.

Table4. 6 Steps of data collection

Steps of data collection	
Preparation of respondents' list	Inspection of a list of 2500 M&As between Korean and foreign firms after 1997 through the Thompson database
	Checked availability of companies through the company websites by calling them
	573 companies and negotiators were suitable; talked to them individually, requesting a response to the survey questionnaire
1 st phase (39%)	111 negotiators accepted responding to the survey questionnaires
	43 survey questionnaires were completed and returned
2 nd phase (55%)	A list of 148 negotiators was prepared via the M&A Specialist Academy, via personal contacts and through recommendations from previous respondents
	82 survey questionnaires were completed and returned
Post-data collection	Survey questionnaires were removed due to the massive number of missing items and 122 data samples were finally ready to be analysed

Table4. 7 Mail survey response rate on quantitative researches

References	Final response rate
Pak and Park (2004)	47.7%
Lyles and Salk (1996)	25%
Norman (2004)	13.6%
Minbaeva et al (2003)	27% (USA); 28% (Russia); 33% (Finland)
This research	39% (the 1st phase) and 55% (the 2nd phase)

4.6.2 Missing data

Missing-data analysis was undertaken to evaluate any severe issues from missing data, as well as the presence of missing-data patterns. Such patterns have implications for the data-analysis approach used in the current study. This examination found that there were variables with more than 23% of missing values in the data set. The most common missing-value patterns were for the descriptive items such as information and expert power.

This issue of missing values and whether they are missing at random (MAR) or are systematically related to demographics can reduce the reliability and validity of the findings (Hertel 1979; Peters and Enders 2002). Hertel (1979) suggests that variables should be eliminated if they contain more than 15% of missing data. When the percentage of missing data is high, any other missing-data options (likewise, pairwise or imputation from the remaining data) may not be satisfactory and should be viewed with caution (Nunnally and Bernstein 1994). Examination of the data set for this study revealed that several variables were missing 23% of the response data. We commenced an analysis to determine if the missing data was MAR, or, the stricter form, missing completely at random (MCAR), using the SPSS missing-value analysis (MVA) module, which is specifically designed to reveal underlying trends.

Little's test ($\chi^2 = 1416.214$, $df = 1364$, $P = 0.158$) suggested that the missing data was MCAR. Likewise and pairwise estimation techniques may be used with data that is MCAR (the pattern of missing values does not depend on the data values). Violation of this assumption can lead to biased estimates. Missing values may also be imputed using the mean or the expectation algorithm. However, imputation can distort coefficients of association and the correlation relating to variables (Kalton and Kasprzyk 1982). Hence, list wise deletion was utilised, leading to the final sample size of 122. The descriptive statistics are shown in Table 5.4.

4.6.3 Common method variance

In general, common method variance (CMV) may raise some concerns when self-report questionnaires are used to collect data at the same time from the same participants. This concern is strongest when both the dependent and focal explanatory variables are

perceptual measures derived from the same respondent (Podsakoff and Organ 1986). However, the risk of using CMV to interpret research results differs widely. For instance, Campbell (1982) is highly sceptical of the contribution of the study unless clear construct validity for the questionnaire measure or for the independent measurement in each questionnaire is proven. On the other hand, some researchers warn that the risk of CMV may be exaggerated (Crompton and Wagner 1994; Lindell and Whitney 2001; Spector 1987), and may even be an 'urban legend' (Spector 2006). Thus, Podsakoff et al. (2003) eventually reach a balanced conclusion, as the CMV often causes some problems, and researchers need to control the CMV to the best of their ability.

According to Podsakoff et al. (2003), the four sources of CMV problem areas are the use of a common rater, the manner in which items are presented to respondents, the context in which items on a questionnaire are placed and the contextual influences (time, location and media) used to measure the constructs. In particular, it is more critical when the perceptual data for both the dependent and independent variables is obtained from the same source (Chang, Witteloostuijn and Eden 2010). All of the measures used in this research were actually collected via the same questionnaire, which introduces the possibility of CMV (Simonin 1999a) and, in turn, creates a false internal consistency; that is, an apparent correlation among the variables that is generated from their common source.

One of the counters for CMV risk is to ensure that the measurement for the dependent variable is constructed using information from different sources of independent variables, which is also a representative strategy to evade any potential CMV at the research design stage. Furthermore, we performed Harman's one-factor test, which is arguably the most widely known approach for assessing CMV in a single-method research design (Podsakoff et al. 2003; Podsakoff and Organ 1986), in order to confirm whether the issue of CMV in this research was of dire concern or not and whether it was unlikely to confound the interpretation of the results. According to Podsakoff and Organ (1986), CMV issues may exist if (1) a single factor emerges from un-rotated factor solutions or (2) a first factor explains the majority of the variance in the variables. Thus, both Harman's one-factor test and principal components factor analysis were performed on the questionnaire measurement items to address the issues of CMV. Since factor one did not account for the majority of the variance, the results of this test are interpreted as CMV not being a significant threat in our observed data in this study.

With respect to possible common method bias, the performance variables were placed after the independent variables in the survey in order to avoid, or at least diminish the effects of consistency artefacts (Podsakoff, MacKenzie and Podsakoff 2003; Salancik and Pfeffer 1977). Multiple-item constructs were used to reduce response bias, which has been shown to be more problematic on the item than on the construct level (Harrison, McLaughlin and Coalter 1996). Finally, we carried out Harman's (1967) single-factor test: if common method bias existed in the data, a single factor or one general factor accounting for most of the variance would emerge from the factor analysis run on the full set of items considered for defining the dependent and independent variables. Our un-rotated factor analysis criteria revealed nine factors. The first of these explained around 20% of the variance in the data, indicating that it was likely that the findings could not be attributed to common method bias.

4.7 Conclusion

In this chapter, the research method strategy, sampling strategy and respondent selection have been addressed. The operationalisation of the measures, design and the results of the pre-test from the survey administration are in turn, also presented. After pre-testing the survey, the final version of the questionnaire was introduced with slight changes in the wording and the design of the items in order for it to remain relevant in this research. Finally, the implementation of the online mail survey and the description of the survey responses including the response rate, missing data and CMV issues were also clarified. In the next chapter, an overview of the sample as well as the measurement tests will be discussed.

Chapter 5 Examination measurement and data analysis

5.1 Introduction

The main purpose of this chapter is to probe the data gathered in order to test the research hypotheses, prior to the findings and conclusion of this study in Chapter 6. Fundamentally, the characteristics of the sample are chronicled in detail. Next, the normality of the data is investigated, and the validity and reliability of the measurements are assessed through confirmatory factor analysis (CFA). Finally, the result of a hypothesised relationship is proposed in the literature review, taking the form of a structural model that will be revealed based on the SPSS performance.

In general, according to Stevens (2002) and Kline (2005), the three stages of data analysis are composed of a pre-analysis data-examination and data-preparation stage, including descriptive statistics and missing-data analysis (Stage 1), devising a measurement model for the validation of the measures (Stage 2) and the development and interpretation of a re-specified structural model exploring relationships (Stage 3). This chapter hereby presents the results of the analysis of the refined data, following the steps, aiming to ensure the requirements of the data and the measurements for the main analysis of the causal model are met.

5.2 Demographic characteristics of the sample

We laid out the data for a pre-analysis procedure to prepare the actual data before performing the data analysis, identifying sample characteristics, descriptive statistics, missing data and assumptions. Data examination is time-consuming, but it is a vital initial step that researchers often omit in any analysis. Here, the researcher sought to evaluate the impact of missing data, identify outliers and test for the assumptions underlying most multivariate techniques, which apparently reveal the hidden effects that are frequently easily overlooked behind the actual data portrayed (Hair et al. 2009).

Regarding the questions on demographics, it is noticeable that there have been a number of negotiation research studies that assume that person parameters are relevant to the processes and outcomes of negotiation (Barry and Friedman 1998), as supported by practitioners in their anecdotal accounts as well. Mintu and Gassenheimer (2002) also

exhort and investigate the gender, age, sales negotiation experience, tenure in the organisation and educational level as selected demographic variables relating to the process of international negotiation based on the previous negotiation research. The structure of the international negotiators that took part in this research differ in terms of (1) gender, (2) age, (3) experience in international M&A negotiations and (4) English-speaking level especially. Usually, most surveys put demographic questions at the beginning instead of at the end. It is essential that the purpose of the survey is to have the respondent answer the core questions and address the critical issues, instead of being distracted by non-pertinent questions such as ticking boring demographic questions and background information requests. We initially asked for the negotiator's experience in international M&As over the phone before distributing this survey. Since we limited the respondents to experienced international M&A negotiators, the demographic questions were important at the beginning of the survey. As a result, we did not receive enough demographic answers, with many missing due to the excessively sensitive nature of confidentiality issues in international M&A environments along with the firm's regulations.

5.2.1 Gender

The gender effects on the behaviours and outcomes of negotiations have frequently been dealt with in the literature as part of relationship studies (Pruitt 1981; Parasuraman and Futrell 1983; Cotham 1969). However, research on the relationship between gender and the outcome of a negotiation have had mixed results in the social psychology literature (Cantrell and Butler 1997), while Rubin and Brown's (1975) extensive negotiation literature review shows no systematic relationship between them. Other extensive literature reviews by Pruitt (1981) and Neu, Graham and Gilly (1998), also show no significant difference in terms of gender.

This is a mandatory question, which reveals that nearly 95.1% of the respondents were male. The study did not examine the differences between the answers of males and females, although this could make for a potential basis for future research. Moreover, as mentioned above, the mixed results and no systematic results regarding the relationship between gender and negotiation outcome in the social psychology literature have been recognised (Cantrell and Butler 1997; Rubin and Brown 1975; Pruitt 1981). Thus, we do not consider the gender variable as a part of our research frame or as independent variables, since there have been no consistent findings to explain a main effect for gender differences in

negotiation performance across hundreds of studies (Lewicki et al. 1994; Thompson 1990).

As seen in Table 5.1 below, male negotiators are predominant, factoring at 95.1% of respondents based on the restrictions made wherein the respondents have to be Korean international negotiators with foreign partners. This phenomenon is actually limited to Korea and a few other Asian countries. To further emphasise this, females made up 5.38% of manager-level positions and 1.48% of board-member positions among the top 100 companies in Korea in 2011, while the total female employment ratio (e.g., ages 15 and older) was 47.6% in 2010 (World Bank, 2012).

Table5. 1 Gender demographics

Respondents' gender	Frequency	Percent
Male	116	95.1%
Female	6	4.9%
Total	122	100%

5.2.2 Age

Most of the respondents to this questionnaire revealed that they were part of the 36–40-year-old age group, while 37% were 41 years of age and above. Only seven responses came from ages 61 years and over. This survey question was also mandatory to demonstrate that most of the respondents participated or were then currently participating in international M&As and were experienced at the level of manager or middle manager, interpreted through 88.5% of the respondents' ages ranging between 30 and 59, as shown in Table 5.2.

Table5. 2 Age demographics

Age range	Frequency	Percent
-29	8	6.6%
30-39	47	38.5%
40-49	49	40.2%
50-59	12	9.8%
60-	6	4.9%
Total	122	100%

5.2.3 International business negotiation experience

Results revealed that over 44.9% of the participants had greater than three years of international business-negotiation experience. Around 16.4% of them had more than 10 years of international negotiation experience, especially in M&As. This adds strength to the fact that it is an appropriate sample of negotiators with corresponding experience, although 32.8% of them had only 0–2 years of experience. However, 21.3% of the respondents had not answered all of the questions, as there were missing variables, which may increase the concentration of experienced negotiators, such as those with more than 6 years of experience; the management level of some of the missing respondents was at CEO level or at higher levels than middle managers.

Since the experience of negotiators is based on both their knowledge and skill for a lengthy period of time, previous research has operationalised experience using various multiple measures with high correlation results (Levy and Sharma 1994). In Mintu and Gassenheimer (2002), prior experience of negotiations and tenure in an organisation are suggested as factors that need to be considered for a cooperative result and they are well supported by some of the research (Rubin and Brown 1975; Thomson 1990) and even by empirical evidence provided by Baserman, Magliozzi and Male (1985). Thus, this question was also mandatory.

Table5. 3 Negotiators' experience

Year range	Frequency	Percent
0-2	40	32.8%
3-5	27	22.1%
6-9	9	7.4%
10-19	9	7.4%
20-	11	9%
Missing	26	21.3%
Total	122	100%

5.2.4 Nationality and Industry of foreign partners

At the beginning or end of the survey questionnaire, the general questions regarding the demographic and industry related information. However, the importance of confidentiality in M&A deals, international negotiators strongly refused to reply regarding the general

information of their M&A deals, when they think questions are sensitive or sometimes illegitimate behavior as a representative of company's critical deal.

As a result, unfortunately 24.5% and 6.6% of missing points are shown in Table5.4 and Table5.5. Korean companies made an agreement for cross-border M&As mostly with Japan (6.2%), U.S. (5.3%), Europe (5.3%), and China (3.7%) among the deals of respondents. In terms of industry types in the cross-border M&A deals, manufacturing (6.2%), investment banking (5.8%), consulting (4.9%), banking (4.1%), accounting (2.9%), and high-technology (2.1%) are mainly managed, meanwhile the industry type of this sample is broad.

Table5. 4 Nationality of foreign partners

	Frequency	Percent
Japan	15	6.2
U.S.	13	5.3
Europe	13	5.3
China	9	3.7
Malaysia	2	0.8
Peru	2	0.8
Vietnam	2	0.8
Australia	2	0.8
Africa	1	0.4
Egypt	1	0.4
Hong Kong	1	0.4
Saudi Arabia	1	0.4
Taiwan	1	0.4
Thailand	1	0.4
UAE	1	0.4
Missing Data	57	23.5
Total	122	100

Table5. 5 Industry of cross-border M&A deals

	Frequency	Percent
manufacturing	15	6.2
investment banking	14	5.8
consulting	12	4.9
banking	10	4.1
accounting	7	2.9
technology	5	2.1

construction	4	1.6
electronics	4	1.6
engineering	4	1.6
software	4	1.6
telecommunication	4	1.6
wholesale	4	1.6
steel	3	1.2
apparel	2	.8
automotive	2	.8
biotechnology	2	.8
pharmaceuticals	2	.8
service	2	.8
transportation	1	.4
computer	1	.4
cosmetics	1	.4
energy	1	.4
food and beverage	1	.4
insurance	1	.4
real estate	1	.4
MISSING	16	6.6
Total	122	100

5.3 Descriptive statistics

The purpose of this section is to explore whether there is an independent variable showing a prominently different nature compared with the other factors. In addition, descriptive analysis examines whether there are any differences between samples including and excluding other foreign origins. Thus, if there is a huge difference between them, then it is better to discard those responses in order to prevent the potential distortion of the results. If there is no significant difference, the researcher intends to include other variables. After the descriptive analysis is conducted, a series of regression examinations will be attempted to identify factors facilitating cooperative negotiation processes, after checking the reliability and validity performances.

5.3.1 Descriptive analysis of variables

Table 5.6 presents the descriptive statistics for the individual items with the means and standard deviations, and the minimum and maximum of their ratings in the research. Except for some variables, the means of the predictors are generally in the middle of their ranges.

With respect to the standard deviation, it is a statistic that indicates how tightly all the variables are clustered around the mean in a set of data. When the variables are tightly bunched together around the mean, then the standard deviation is small. In other words, since it is defined as a statistical measure of the dispersion of a set of data from its mean, the more spread apart the data, the higher the deviation. The standard deviation is calculated as the square root of variance.

Table 5.7 provides the intercorrelations with the correlation coefficients between each pair of variables listed by using the Pearson correlation command in SPSS. The correlation coefficient (r) that indicates the strength of association between any two variables has a value ranging from -1.00 to 1.00 , indicating the strength of the relationship between two variables (Pallant 2010)¹². A value of $+1.00$ indicates a perfect positive relationship and -1.00 indicates a perfect negative or reverse relationship; this relates only to the direction of the relationship and not to the strength of correlation. Cohen (1988:79–81) proposed the guideline as small $0.10 \leq r \leq 0.29$, medium $0.30 \leq r \leq 0.49$ or large $0.50 \leq r \leq 1.0$, suggesting that above 0.5 means quite a strong relationship between two variables. Thus, according to Table 5.7, all the correlation coefficients are less than 0.5. Regarding the level of statistical significance of the correlation coefficient, it does not actually denote the association of two variables, but instead it explains how much assurance there is in the results of the achieved correlation analysis. Then, there is no need to check the significance level, and further statistical analysis is thus performed, since there is no significant problem from intercorrelation based on the results shown in the table 5.7.

It is true that the simplest and most explicit vehicle for identifying collinearity is an examination of the correlation analysis for the independent variables. The presence of high correlations of 0.90 or more is generally the first evidence of substantial collinearity, which is due to the combined effect of two or more other independent variables and is called multicollinearity. The effect of multicollinearity is extremely critical, especially in the multiple regressions among variables (Rawlings, 1988). However, based on the results of an initial assessment of multicollinearity, as shown in Table 5.7, before checking the tolerance and the variance inflation factor (VIF), it seems that multicollinearity between the variables may not be a problem, and it will not have a significant influence on the

¹² A correlation of 0 explains no relationship at all, a correlation of 1.0 explains a perfect positive correlation and a value of -1.0 explains a perfect negative correlation (Pallant 2010).

regression result derived from all of the independent variables, since most of the correlations are relatively low and all are below 0.60. As mentioned above, researchers are generally recommended not to include variables with a correlation coefficient of 0.70 or more (Pallant 2010) or 0.90 or more (Hair et al. 2009), respectively, in the same analysis. Moreover, in terms of the multicollinearity check, we can also check the tolerance and the VIF score, as shown in Table 5.16 later. Both the tolerance and the VIF as collinearity measures are provided for the impact of collinearity on the independent variables in the regression equation (Hair et al. 2006).

Table 5. 6 Descriptive statistics (N=122)

	Variables	Mean	Std. Deviation	Minimum	Maximum
Dependent	Integrativeness	4.4918	1.23981	2.00	7.00
Independent	Attractiveness	4.5191	1.28139	1.00	7.00
	Compliant personality	4.9918	1.00180	2.00	7.00
	Aggressive personality	4.9921	0.76133	2.25	6.50
	Detached personality	2.8579	0.99116	1.00	6.00
	Hard tactics	4.7766	1.07267	2.00	7.00
	Rational tactics	5.5943	0.94657	2.50	7.00
	Soft tactics	5.4139	0.76451	3.25	7.00
	Time pressure	4.2541	1.26698	1.00	6.33
	Legitimate power	4.1373	1.11299	1.00	7.00
	Reputational power	4.0410	1.12877	1.00	6.75
	Informational power	4.0840	1.01518	1.00	6.75

Table5. 7 Pearson correlation matrix

	1	2	3	4	5	6	7	8	9	10	11	12
1	1.000											
2	.435**	1.000										
3	.150	.203*	1.000									
4	-.218*	-.051	.237**	1.000								
5	-.026	.122	-.115	.063	1.000							
6	.062	-.048	.418**	.123	-.193*	1.000						
7	.214*	.073	.152	.109	-.039	.322**	1.000					
8	.077	.297**	.322**	.041	-.160	.206*	.260**	1.000				
9	-.210*	-.136	-.113	.076	.102	.245**	.249**	.071	1.000			
10	.044	.160	.286**	.094	.083	.137	-.104	.260**	.006	1.000		
11	.255**	.244**	.271**	.178*	.090	.123	.117	.087	.078	.282**	1.000	
12	.085	..231*	.218*	.258**	.223*	.079	.113	.023	.055	.366**	.541**	1.000

N = 128; Significant at **P < 0.01; *P < 0.05 (two-tailed)

5.3.2 Abbreviation

The abbreviations used in this study are detailed below in Table5.8. They were generated as lower-case letters by the software.

Table5. 8 Abbreviation of key variables and its measurement scales

Dimensions	Name	Description
Individual Dimension	ATTRAC	Attractiveness of counterpart
	AGREE	Aggressive personality of negotiator
	COM	Compliant personality of negotiator
	DETC	Detached personality of negotiator
Strategic Dimension	HT	Hard tactics during the negotiation activity
	RT	Rational tactics during the negotiation activity
	ST	Soft tactics during the negotiation activity
Contextual Dimension	TP	Time pressure perceived during the negotiation
	LEGIP	Relative legitimate power with counterpart
	REPUP	Relative reputational power with counterpart
	INFOP	Relative informational power with counterpart
Cooperative Approach	CORPNESS	Cooperativeness with counterpart

Note: Table summaries each question used in the full questionnaire available in Appendix

CAD : compliant, aggressive, and detached personality

VIF : variance inflation factor

FDI : foreign direct investment

UNCTAD : united nations conference on trade and development

M&A : merger and acquisition

KMO : Kaiser-Meyer-Olkin Measure

SEM : structural equation modeling

CFA : confirmatory factor analysis

EFA : exploratory factor analysis

CMV : common method variance

MCAR : missing completely at random

5.4 Reliability and validity of the measurements

5.4.1 Checking internal reliability

Multiple question items are preferred because they provide ‘richer’ description of concepts. Models with one item for a factor usually encounter difficulties because a single item is likely to be inadequate in capturing the abstract concepts involved (Anderson and Gerbing 1988; Bentler and Chou 1987; Diamontopoilos 1994). A multiple-item approach was adopted when operationalising the latent factors in this research. The assessment of unidimensionality, reliability and validity are critical for multiple-item measurement constructs.

Unidimensionality means that scaled items are strongly associated with each other and stand for a single concept, since an underlying assumption and crucial requirement for constructing a summated scale is that the items are unidimensional (Haire et al. 2006). The assessment of unidimensionality can be executed through factor analysis to evaluate whether the summated scale consists of items loading highly onto a single factor (Hattie 1985). Thus, researchers are encouraged to check the unidimensionality before assessing the reliability, because the reliability test itself may not be enough to ensure unidimensionality (Haire et al. 2006). A reliability check evaluates the degree of consistency between multiple items measured for variables. Construct reliability is not the same as validity because we might have consistent but invalid measures (Bollen 1989). A number of techniques have been proposed to assess construct reliability: test–retest, item-to-total correlations and Cronbach’s alpha coefficients. The test–retest method is basically the same measures with the same individual at two points in time. That is to say, the best way to assess reproducibility is to ask the respondents to complete the questionnaire once again and compare both sets of answers. The objective is to ensure that a measurement is not remarkably diverse and is reliable at any point in time. The test–retest is the simplest method, but it is irrational to execute in reality. Thus, this approach was not performed in this research, since it is even more challenging at the firm level of research with managerial respondents having to answer the same set of questions twice with their hectic schedules. A more popular method of reliability is to check internal consistency, which applies to the consistency between the items within a construct. There are a series of diagnostic measures to evaluate internal consistency such as item-to-total correlations and Cronbach’s (1951) alpha coefficients (Haire et al. 1998). In general, the item-to-total correlations exceed 0.50

and the inter-item correlations exceed 0.30. Coefficient alpha, the reliability coefficient that inspects the consistency of the entire scale as a diagnostic measure of internal consistency, has become the most prominent method index in social research. Conservatively, the lower limit of Cronbach's alpha is generally 0.70, but this may be moderated to 0.60 in exploratory research (Hair et al. 2009). One of the most commonly used methods to check internal consistency is *Cronbach's coefficient alpha*, which indicates the average correlation among all of the items consisting of the scale. Based upon the formula $\alpha = rk / [1 + (k - 1)r]$, where k is the number of items considered and r is the mean of the inter-item correlations, the size of alpha is determined by both the number of items in the scale and the mean inter-item correlations. Cronbach's alpha values range from 0 to 1, with higher values indicating greater reliability or internal consistency of the items in the scale. Ideally, a level of 0.6 or more is generally considered as good reliability (Noh, 2002), and Nunnally (1978) recommends 0.7 as a minimum level, although 0.6 is generally accepted in much of the research. George and Mallery (2003) provide the following rules in detail: '> 0.9 excellent; > 0.8 good; > 0.7 acceptable; > 0.6 questionable; > 0.5 poor; and < 0.5 unacceptable' (231). To conduct the initial test, all of the variables for the negotiation process are included. The Cronbach's alpha reliability test is conducted only with scales of attractiveness, personality, tactics, time pressure and relative power to deduce whether the answers given by the questionnaire respondents are indeed reliable or how free they are from random error (Babbie et al. 2000). Therefore, the data gathered from the survey must be tested for reliability and Cronbach's alpha will be used to achieve this.

In terms of reliability, the most important figure is the alpha value, in that it is based on the overall combination of items within a test. According to Noh (2001), such variables, which have a low alpha value, are better removed from the test so that internal consistency can be improved. For instance, the elimination of any of the other items with the lowest number from the scale results in little change in the alpha value increasing, since the figures for 'Alpha if an item is deleted' actually show the impact of removing a result from each item in the scale to increase the reliability (Norusis 1988). Table 5.9 also presents the value of 'Correlated item-total correlation', which indicates the degree to which each item correlates with the total score. Less than 0.3 indicates that the item is measuring something different from the scale as a whole and all scores from Table 5.9 are over 0.3. The attractiveness variable has an alpha of 0.799 and a standardised item alpha of 0.801. This value is well above 0.6 and thus shows high reliability. There is little difference between the two alphas, Cronbach's alpha and the standardised item alpha, which is calculated if all of the items

were standardised to a variance of 1 (Norusis 1988), since the items have comparable variances. Crucially, in terms of personality, there are three variables: compliance, aggressiveness and detachment. Their Cronbach's alpha values were 0.547, 0.582 and 0.605, respectively. These values are not unacceptable, since the unacceptable level is seen at a value less than 0.5, according to George and Mallery (2003); however, the internal consistency is still poor. One of the reasons for a poor Cronbach's alpha value in general is that Cronbach's alpha values are dependent on the number of items in the scale, thus the value can be quite small, since there are only a small number of items in the scale, three or four, which is obviously less than 10 (Pallant 2010). On the other hand, the results for the Cronbach's alpha coefficient for relative power in terms of legitimating, reputation and information were 0.797, 0.880 and 0.863, respectively, although there are only four items in their scales. The scales' overall Cronbach's alpha is high, meaning that the scale is quite reliable, and there is no need to consider removing items with low correlations since an alpha of 0.8 is probably a reasonable goal in general. Overall, it should also be noted that a high or average value for Cronbach's alpha indicates good internal consistency of the items in the scale of each variable. In other words, Cronbach's alpha has been used to assess the reliability of these responses. As the result of this reliability test demonstrated, the data relating to the variables in this study is trustable, indicating that the survey data is reproducible. Practically, it means that this data can be trusted when we use the data for the statistical analysis for multiple-regression models. Having determined that the dependent variables are reliable, our next step is to understand how they might be grouped together for the purpose of further analysis to be conducted through factor analysis. Factor analysis is a method to determine the dimensionality of a scale, while the internal consistency of the items with reliable Cronbach's alpha scores does not fully explain that the scale is unidimensional.

Table5. 9 Composite reliability statistics with variance extracted estimates

	Items	Corrected Item- Total Correlation	Cronbach's Alpha if tem deleted	Cronbach's Alpha
Attractiveness	BI1	.645	.725	.799
	BI2	.600	.776	
	BI3	.690	.677	
Compliant Personality	BII2	.332	.486	.547
	BII9	.303	.552	
	BII17	.456	.229	
Aggressive Personality	BII21	.363	.513	.582
	BII24	.401	.481	
	BII26	.335	.536	
	BII29	.364	.513	
Detached Personality	BII6	.317	.637	.605
	BII15	.484	.397	
	BII22	.448	.455	
Time Pressure	CVI5	.669	.631	.775
	CVI6	.703	.587	
	CVI7	.490	.817	
Legitimate Power	CI2	.565	.768	.797
	CI3	.538	.780	
	CI4	.736	.678	
	CI5	.604	.749	
Reputational Power	CIII1	.683	.868	.880
	CIII2	.751	.843	
	CIII3	.816	.816	
	CIII4	.719	.855	
Informational Power	CIV1	.681	.837	.863
	CIV2	.745	.810	
	CIV3	.736	.814	
	CIV5	.680	.837	
Hard Tactics	DI4	.616	.708	.778
	DI5	.563	.735	
	DI6	.642	.701	
	DI8	.535	.758	
Soft Tactics	DII2	.668	.798	.839
	DII3	.744	.767	
	DII4	.706	.781	
	DII10	.578	.836	
Rational Tactics	DIII1	.738	.910	.914
	DIII2	.816	.884	
	DIII3	.852	.872	
	DIII4	.817	.884	

5.4.2 Confirmatory factor analysis of the measurement

After having ensured that a scale complies with its conceptual definition, unidimensionality and the required level of reliability, the scale validity should eventually be investigated (Hair et al. 2009). *Validity* is basically concerned with whether a variable evaluates what it is supposed to measure (Bollen 1989:184). There are three types of validity to be introduced and assessed: content validity, convergent validity and discriminant validity. *Content validity* is a so-called qualitative type of validity. It can be assessed by experts to recognise whether the measures entirely represent the concept through ratings, or by subpopulations to pre-test the measures. In this research, the theoretical definition of the concept relating to each variable was generated from the previous research and the expert opinions are included from the pre-tests with practicing managers and academics. The main purpose is to confirm that the scale items contain both theoretical and practical considerations in terms of them being applicable, since the items represent the whole range of possible items covered. *Convergent validity* can be estimated simply by looking at the significance of the factor loadings, checking whether the two measures for the same concept are correlated (Simonin 1999a). *Discriminant validity* is the degree to which two conceptually similar concepts are distinct (Hair et al. 2009). *Construct validation* is determined by CFA, which is a more powerful method suggesting fewer assumptions and providing more diagnostic information about construct validity (Bagozzi et al. 1991).

Factor analysis is a universal name given to a class of multivariate statistical methods whose primary purpose is to define the underlying structure in a data matrix (Hair et al. 2009). Factor analysis is also a statistical technique used to reduce a large number of items to a smaller set of fundamental variables that include the primary structural information contained by the refined variables. More specifically, factor analysis is performed to distinguish what the underlying conceptual structure is as a set of dependent variables by discovering the correlations between each variable of the set in the research frame, since the primary purpose of factor analysis is to recognise the underlying patterns and relationships of a set of independent variables (Coakes and Steed 2001; George and Mallery 1995). Exploratory and confirmatory factor analyses are two major types of factor analysis. Exploratory factor analysis (EFA) is a more traditional approach and is used as a data-reduction technique in general quantitative research. EFA is designed for the situation where the detailed modelling relating to the latent and observed variables is not specified

in advance. In contrast, CFA addresses a situation where the researchers have set the number of latent variables and have constructed the model in advance. In substantive cases, EFA can prove valuable and can explain the covariances or correlations between many observed variables by means of relatively few underlying latent variables (Bollen 1989). CFA is deemed more appropriate for this research, since the link between the latent and observed variables was specified a priori based on knowledge of the theory and previous empirical studies. The CFA model within the context of SPSS is considered to represent the measurement model. The confirmatory solution offers the following advantages: (1) measures of the overall degree of fit are proved in any particular application (e.g., the chi-square goodness-of-fit test); and (2) more diagnostic information on how well convergent and discriminant validity are achieved (Bagozzi et al. 1991).

The Kaiser–Meyer–Olkin (KMO) index is a measure of sampling adequacy and ranges from 0 to 1, reaching 1 when each variable is perfectly predicted, without error, by the other variables. According to the guidelines for the interpretation of the measure, in general, as in Table 5.10 below, a value of 0.80 or above is meritorious; 0.70 or above, middling; 0.60 or above, mediocre; 0.50 or above, miserable; and below 0.50, it is unacceptable. To increase the measure of sampling adequacy, (1) the sample size increases, (2) the average correlations increase, (3) the number of variables increases or (4) the number of factors decreases. The researcher is always recommended to have an overall value of sampling adequacy above 0.50 before performing the factor analysis. The variable-specific sampling adequacy values can identify variables for deletion to achieve an overall value of 0.50 (Bryman 2012), since small values of the KMO statistic indicate that the correlations between pairs of variables cannot be explained by other variables and that factor analysis may not be appropriate. In other words, the measure for the sampling adequacy value must exceed 0.50 for both the overall test and each individual variable, and then variables with values of less than 0.50 should be omitted from the factor analysis one at a time, with the smallest one being omitted each time (Bryman 2012).

Table5. 10 Adequacy level in Kaiser-Meyer-Olkin value

KMO Value	Degree of Common Variance
0.90 to 1.00	Marvelous
0.80 to 0.89	Meritorious
0.70 to 0.79	Middling
0.60 to 0.69	Mediocre
0.50 to 0.59	Miserable
0.00 to 0.49	Don't Factor

Source: Bryman (2012)

This research employs varimax rotation, which is the most common of the rotations available. The purpose of this is to minimise the complexity of the variables by making the large loadings larger and the small loadings smaller within each variable, and there are also other rotational methods such as quartimax rotation and equamax rotation (Hair et al. 2009). Rotation is often compulsory, since the original factor structure is mathematically correct but is difficult to interpret. As a result, the factor-rotation aspect is used to achieve what is called a simple structure, containing high factor loadings on one factor and low loadings on all others. To determine the number of factors to be extracted, a scree plot created by SPSS indicates a sensible cut-off point at three in this research. The total variance explained for the items for each variable (personality, tactics and relative power) also confirms a three-factor solution, which is the same as those of the scree plot. Table 5.9 shows the actual factors extracted with eigenvalues greater than 1. As the table5.9 shows, SPSS always initially extracts as many factors as there are variables in the dataset. Next, the ‘% of variance’ column explains how much of the total variability in all of the variables together can be accounted for by each of these summary scales or factors. For example, factor 1 accounts for 37.201% of the variability in all 12 possible variables. More interestingly, the proportions for the variance criterion suggest a three-factor solution with more than 70% of the total variance, except for the personality variable with 53.138%, as reported in Table 5.11, Table 5.12 and Table 5.13, shown as ‘cumulative %’.

For factor measurement, we used the conventional criterion of the coefficient alpha (Nunnally 1967) as well as more advanced criteria based on CFA (Joreskog 1966; 1969). We analysed the psychometric properties of our scales for each factor individually. The corresponding results are shown in Table 5.14.

Overall, the results indicate acceptable psychometric properties for all constructs. Coefficient alpha values are above 0.7 and thus exceed the threshold value of 0.6 recommended by Nunnally (1967). Hence, the alpha values suggest a reasonable degree of internal consistency between the corresponding indicators. Additionally, the average variances extracted and the composite reliabilities are above the recommended threshold values of 0.5 and 0.6, respectively (Bagozzi and Yi 1988). Additionally, all individual item reliabilities are above the required value of 0.4 (Bagozzi and Baumgartner 1994).

Through principal component analysis as an extraction method, the factor analysis has been used to uncover the underlying structure of a series of negotiation processes. The factor analysis identifies three dimensions, which have been described as the personality factors of compliant, aggressive and detached; the tactical factors of hard, rational and soft; and the relative power factors of legitimate, reputational and informational. Each of the factors that represent a type of personality, tactic or relative power will be used as dependent variables in statistical analysis using multiple linear regressions in order to identify key variables affecting the integrative process of negotiation in the next section.

Table5. 11 Total variance explained on 3 items for Personality

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.998	19.980	19.980	1.998	19.980	19.980
2	1.904	19.038	39.018	1.904	19.038	39.018
3	1.412	14.120	53.138	1.412	14.120	53.138
4	.960	9.604	62.741			
5	.803	8.029	70.770			
6	.781	7.806	78.576			
10	.416	4.156	100.000			

Extraction method: Principal Component Analysis

Table5. 12 Total variance explained on 3 items for Tactics

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.464	37.201	37.201	4.464	37.201	37.201
2	2.322	19.348	56.550	2.322	19.348	56.550
3	1.961	16.341	72.891	1.961	16.341	72.891
4	.673	5.608	78.499			
5	.516	4.300	82.799			
6	.421	3.505	86.304			
12	.163	1.357	100.000			

Extraction method: Principal Component Analysis

Table5. 13 Total variance explained on 3 items for Relative power

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.333	44.443	44.443	5.333	44.443	44.443
2	1.852	15.435	59.879	1.852	15.435	59.879
3	1.234	10.284	70.162	1.234	10.284	70.162
4	.815	6.792	76.954			
5	.616	5.133	82.087			
6	.507	4.229	86.316			
12	.155	1.296	100.000			

Extraction method: Principal Component Analysis

Table5. 14 Factor loading : Varimax rotaed matrix

Concept	<i>Personality</i>			<i>Tactics</i>			<i>Relative Power</i>		
Kaiser-Meyer-Olkin	.585			.826			.816		
Factors	Factor1	Factor2	Factor3	Factor1	Factor2	Factor3	Factor1	Factor2	Factor3
	<i>Compliant</i>	<i>Aggressive</i>	<i>Detached</i>	<i>Hard</i>	<i>Soft</i>	<i>Rational</i>	<i>Legitimate</i>	<i>Reputational</i>	<i>Information</i>
	.837	.707	.766	.846	.892	.897	.854	.870	.880
	.683	.678	.737	.820	.858	.896	.793	.841	.822
	.576	.625	.680	.731	.821	.887	.709	.807	.716
		.598		.653	.638	.823	.696	.751	.631

5.5 Data analysis

After the identification of the factor dimensions of personality, tactics and relative power in the last section, this section analyses the significant factors affecting the negotiation process. The model presented in Chapter 3 has introduced a conceptual framework that has anticipated the potential influence of several variables on the integrative negotiation process during international M&A negotiations. These independent variables are categorised into the three conceptual components (individual, strategic and contextual) affecting the negotiation's outcome.

5.5.1 Data analysis procedure in SPSS

Multiple regression is the appropriate method of analysis when the research problem involves a single-metric dependent variable presumed to be related to two or more metric independent variables. In other words, whenever the researcher is interested in predicting the amount or size of the dependent variable, multiple regression is useful. The objective of multiple-regression analysis is for the researcher to predict the changes in the dependent variable in response to changes in the independent variables. This objective is most often achieved through the statistical rule of least squares. Each independent variable is weighted by the regression analysis procedure to ensure maximal prediction from the set of independent variables. The weights denote the relative contribution of the independent variables to the overall prediction and they facilitate the interpretation as to the influence of each variable in making the prediction, although correlation among the independent variables complicates the interpretative process. The set of weighted independent variables forms the regression variate; a linear combination of the independent variables that best predicts the dependent variable. The regression variate, also referred to as the regression equation or regression model, is the most widely known example of a variate among the multivariate techniques.

To apply multiple-regression analysis: (1) the data must be metric or appropriately transformed, and (2) before deriving the regression equation, the researcher must decide which variable is to be dependent and which remaining variables will be independent. In this section, we analyse the significant variables affecting the cooperative process of international M&A negotiations. The model presented in Figure2.1 has introduced a conceptual framework that anticipates the potential influences of several variables on

cooperativeness. The independent variables included in this research are based on the previous arguments and theoretical development. Those independent variables are categorised into three components to illuminate the characteristics of the negotiation environment, especially during the face-to-face performance. This research idea is shown as:

CORPNESS (cooperativeness of the negotiation process) = f (individual components, strategic components, contextual components)

To reiterate, the above function is used to describe the cooperative negotiation process, and can be transformed into the following multiple ordinary least squares (OLS) regression equation. The regression equation and model of this study is as below:

Where CORPNESS is the problem-solving behaviour or cooperative process during the international M&A negotiations, b_0, b_1, \dots, b_{11} = coefficients of independent variables from ATRAC to INFOP.

The multiple OLS regression is concerned with the relationship between a dependent variable and a series of independent variables, which allows for the discovery of the simultaneous effect of multiple variables on a dependent variable (Tabachnick and Fidell 2007).

Table5. 15 Assumptions of Ordinary Least Squares regression

Classical assumptions of Ordinary Least Squares regression	
Assumptions	Results
<ol style="list-style-type: none"> 1. Predictors are linearly related to the DV - Linearity 2. The expected value of the error term is always zero population mean 3. The data are a random sample of the population : The errors are statistically independent from one another, and not correlated with X's – Independence of observations 	<ul style="list-style-type: none"> • If assumptions 1-5 are satisfied, OLS estimator is unbiased • If assumption 6 is also satisfied, OLS estimator has minimum variance of all unbiased estimators. • If assumption 7 is also satisfied, we can do hypothesis testing using t and F-test • How can we test these assumptions? • If assumptions are violated,

4. The independent variables are not too strongly collinear: No perfect multicollinearity 5. The independent variables are measured precisely and captured in the construct measured – Reliable measures 6. The residuals have constant variance - Homoscedasticity 7. The residuals (errors) should be normally distributed about the DV - Normality	-What does this do to our conclusions? -How do we fix the problem?
--	--

Source: Tabachnick and Fidell 2007; Pallant 2010

There are various models for conducting the regression analyses (Coakes and Steed 2001:171). All of the approaches differ in the way in which the independent variables are introduced into the OLS regression equation. This research undertakes multiple-regression analyses and will compare the results. By employing both techniques, it is expected that they will provide a thorough understanding of the variables affecting the cooperative process of negotiation by testing the hypotheses developed in Chapter 3.

As shown in Table 5.15, the multiple OLS regression is classically assumed by seven criteria. Most assumptions can be verified by the residual scatterplots, which are shown when performing SPSS as part of the multiple-regression procedure. Since residuals explain the differences between the obtained and the predicted dependent variable (DV) scores, the residual scatterplots in SPSS allow for the checking of the normality, linearity, homoscedasticity and independence of the residuals (Pallant 2010). One of the main concerns for sensitive multiple regression is outliers with extreme scores (e.g., very high or low scores) identified by the values from standardised residual plots ranging above about 3.3 or less than -3.3 (Tabachnick and Fidell 2007).

Before regression analyses are conducted, certain prerequisite checks must be completed. These checks are necessary to ensure the reliability and validity of subsequent regression analyses. The research has run tolerance, VIF, condition index as well as correlation analyses to assess the level of multicollinearity among the independent variables (see Table 5.16). These tests are detailed later in order to reflect their importance for the regression analyses.

In this section, methods, measures and the results relating to the validity and the reliability of the regression analyses are introduced. Hence, it is now possible to consider individual characteristics in relation to the themes forming the research questions. A series of new sections deal with each regression model in turn. This research conducts both simultaneous and stepwise regression analyses in order to identify critical factors affecting the process of negotiation. Stepwise regression analyses are used particularly in an attempt to verify the results derived from the previous analyses.

5.5.2 Results of hypothesised relationships

The results of the multiple-regression analyses for the cooperative negotiation process as the dependent variable as performed in SPSS are presented in Table 5.18. Four models are introduced, consisting of eleven independent variables. The independent variables are categorised by three components or levels as ‘individual components’, ‘strategic components’ and ‘contextual components’. Model 4 shows the full model, whereas models 1, 2 and 3 examine the effects of those critical variables on each of the three components separately. Overall, the results for the models are significant (e.g., the significance of model 1 is at $p < .001$; model 3 is at $p < .01$; and model 4 is at $p < .001$), except for model 2, where strategic components relate to the cooperativeness of negotiation (DV).

5.5.3.1. Overall assessment of the research model

Before evaluating the model and each independent variable, we need to check whether the assumption criteria (i.e., normality, linearity, homoscedasticity, no multicollinearity and the independence of the residuals) of the OLS regression are fulfilled in this data, and the outliers should be managed. Regarding the multicollinearity check of model 4, SPSS performs ‘collinearity diagnostics’ and ‘correlations’ for the multiple-regression procedure. Firstly, the correlation value has been checked, since independent variables need to have at least some relationship with the dependent variable, preferably above 0.3, and the correlation between each of the independent variables should not be too high, preferably less than 0.7 (Pallant 2010). If any highly correlated independent variables are identified, either one of the independent variables should be omitted or two correlated independent variables should be condensed into one (Hair et al. 2009; Pallant 2010). As shown in Table 5.7, the highest correlation is 0.476, which is obviously less than 0.7, so all of the independent variables can be retained in this study. However, the bivariate correlations

between independent and dependent variables are very poor.

Secondly, multicollinearity is identified by examining the two values of tolerance and VIF, as shown in Table 5.16. Tolerance is a direct measure of multicollinearity and an indicator of how much the variability of the selected independent variables is not explained by the other independent variables, which is calculated as $1-R^2$ for each variable (Hair et al. 2009; Pallant 2010). Thus, the high tolerance value means a small degree of multicollinearity. For instance, a value less than 0.10 is considered very small, indicating a high multiple correlation with other variables equating to the possibility of multicollinearity (Pallant 2010). In this model, the lowest tolerance value is 0.540, which exceeds the cut-off points for determining the presence of multicollinearity. As a second measure of multicollinearity, if the value of VIF, which is calculated simply by the inverse of the tolerance value¹³, has a value above 10, it indicates a multicollinearity concern (Hair et al. 2009; Pallant 2010). Therefore, the value of 0.54 that was derived is less than 1 (tolerance), and 1.857 (VIF), which is well below the cut-off point of 10. Since we did not identify any serious multicollinearity issues from the results, there is no need to remove any intercorrelated independent variables from the model. Although highly intercorrelated independent variables need to be removed from the model, we have not identified any serious multicollinearity issues from the results.

Table5. 16 Collinearity statistics (DV: cooperative process of negotiation)

Model	Tolerance	VIF
ATTRAC	.686	1.458
COM	.815	1.226
DETC	.819	1.221
AGREE	.656	1.524
HT	.694	1.441
RT	.754	1.327
ST	.685	1.461
TP	.811	1.233
LEGIP	.705	1.418
REPUP	.601	1.665
INFOP	.540	1.851

¹³ The value of tolerance .686 for ATTRAC variable is the inverse of the VIF value of 1.458 (i.e., derived from the equation of $1.0 \div .686 = 1.458$).

We still need to evaluate the variables for meeting the OLS assumptions such as linearity, homoscedasticity, independence of the residuals and normality. The residual, as the principal measure for assessing the regression variate, indicates the difference between the actual dependent and predicted variable value (Hair et al. 2009). In order for a comparison to be made, the studentised residuals are utilised as standardised residuals (Hair et al. 2009).

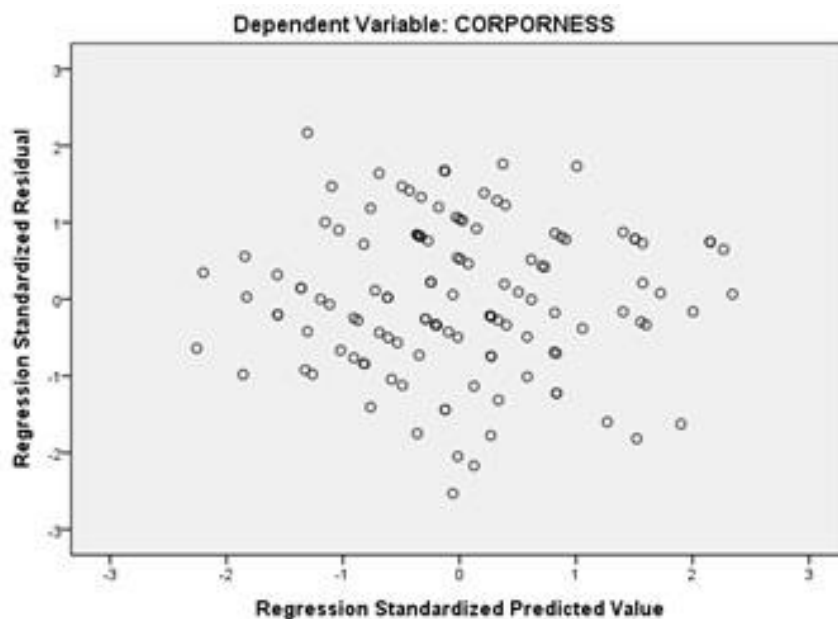
Linearity denotes that residuals should be distributed around the scores of predicted dependent variables, which is evaluated through the analysis of the residuals to examine the overall variate and partial regression plots for each independent variable (Hair et al. 2009; Pallant 2010). In the scatterplot of the standardised residuals shown in Figure 5.1, residuals are expected to be roughly rectangularly distributed, with most scores concentrating along the centre point 0, while a clear or systematic pattern of residuals such as an acurvilinear pattern or a pattern that is higher on one side than the other should be avoided (Pallant 2010; Hair et al. 2009). As shown in Figure 5.2, the scatterplot does not exhibit any nonlinear pattern for the residuals, thus ensuring the linearity of the overall equation and meeting the assumption of linearity for each independent variable.

The homoscedasticity assumption deals with the constancy of the residuals across values of the independent variables. Our analysis of the scatterplots is again carried out through an examination of the residuals, which shows no pattern of increasing or decreasing residuals. This finding indicates homoscedasticity in the multivariate case. In terms of the normality assumption, the normality of the error term of the variate is assessed through a visual examination of the normal probability plots of the residuals. As shown in Figure 5.1, since the values fall diagonally with no substantial or systematic departures, the residuals are considered to represent a normal distribution and the regression variate meets the assumption of normality.

In a normally distributed sample, only 1 percent of cases are expected to fall outside of the standardised residual value range of above 3.0 or below -3.0 , while the minimum and maximum of the standardised residual values are -2.532 and 2.167 . Since 2.167 is not above 3, there are no serious issues around retaining this data as a part of the procedure. If any strange cases are identified, the Cook's Distance value is applied to ascertain if this case exerts any undue influence on the results for the research model, and we need to determine whether it should be removed or whether new variables created by SPSS named

Cook's Distance COO_1 at the end of the file should be used. According to Tabachnick and Fidell (2007), cases with values larger than 1 may have potential problems. As shown in Table 5.17 for the residual statistics, the maximum value for the Cook's Distance is 0.111, slightly over 1, suggesting a potential outlier issue. In addition, the Mahalanobis distance is produced and Mah_1 is presented in the data file as extra variables at the end of the data file. In this study, the maximum Mahalanobis distance is 29.362. Tabachnick and Fidell's (2007) guidelines provide a measure of the multivariate outlier based on the assessed chi-square distribution; that is, the critical value¹⁴. According to the guideline, the critical value is 29.59 for 10 independent variables; therefore, even with 11 independent variables in the data file achieving a maximum value of 29.36, it does not exceed the critical value. As a result, critical multicollinearity and outlier issues have not threatened testing the model and have supported the results of the regression through the SPSS analytical process.

Figure5. 1 Scatterplot



¹⁴ The critical value is critical chi-square distribution. Utilizing the number of independent variables as the degrees of freedom, Tabachnick and Fidell (2007) guide critical value matching with the number of variables (i.e., degree of freedom) as; 13.82 (critical value) with 2(degree of freedom); 16.27 with 3; 18.47 with 4; 20.52 with 5; 22.46 with 6; 24.32 with 7; 26.13 with 8; 27.88 with 9; 29.59 with 10.

Figure5. 2 P-P Plot standardized residual

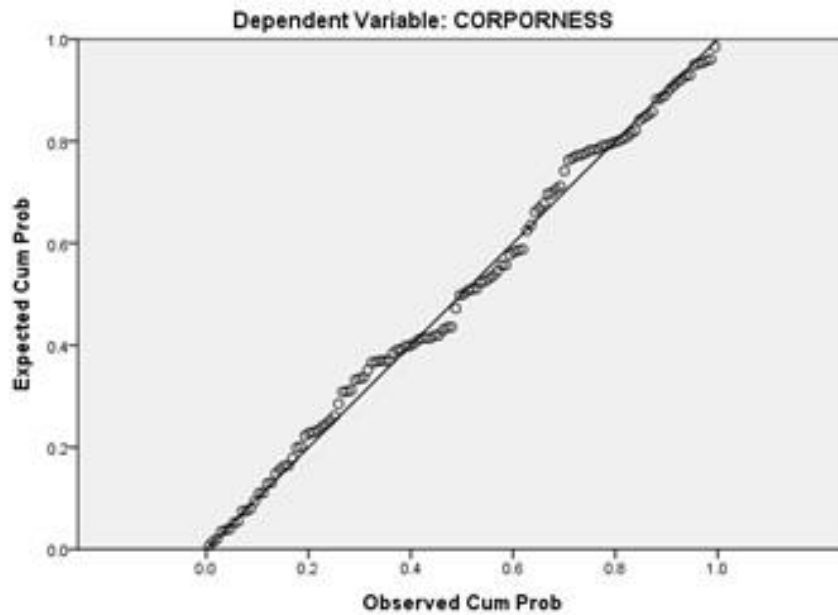


Table5. 17 Residuals statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.6183	6.4381	4.4918	.83068	122
Std. Predicted Value	-2.255	2.343	.000	1.000	122
Standard Error of Predicted Value	.150	.483	.294	.074	122
Adjusted Predicted Value	2.6016	6.4251	4.4954	.83854	122
Residual	-2.44396	2.09228	.00000	.92038	122
Std. Residual	-2.532	2.167	.000	.953	122
Stud. Residual	-2.574	2.303	-.002	1.002	122
Deleted Residual	-2.52603	2.36224	-.00360	1.01762	122
Stud. Deleted Residual	-2.643	2.350	-.003	1.009	122
Mahal. Distance	1.936	29.362	10.910	6.015	122
Cook's Distance	.000	.111	.009	.015	122
Centered Leverage Value	.016	.243	.090	.050	122

Once we have completed checking the OLS assumptions, outliers and missing variables, we evaluate the model and independent variables and, finally, we confirm the hypotheses. Table 5.18 shows the full model for this research, including all of the variables categorised as individual, strategic and contextual components. We interpret the relationships between these independent variables and a cooperative atmosphere during the face-to-face negotiations in cross-border M&A cases, and identify the strong factors that have a

significant effect on cooperativeness as a DV in this research.

In order to assess the model fit, R^2 , which is the ratio of the sum of squares regression to the total sum of squares, should be checked first. In other words, it is a measure of how well the least squares equation and the correlation coefficient squared, referred to as the coefficient of determination (Hair et al. 2009), as shown in the equation below. This is shown in the model summary box in SPSS.

$$\text{Coefficient of determination} = R^2 = \frac{SSR}{SST} = 1 - \frac{SSE}{SST}$$

The value of R^2 indicates the percentage of total variation of Y explained by the regression model consisting of predictors (Xs). The R^2 value is also a single measure of overall predictive accuracy indicating the following: (1) the combined effect of the entire variate in the prediction, even when the regression equation contains more than one independent variable; and (2) simply the squared correlation of the actual and predicted values (Hair et al. 2009). For instance, if the regression model perfectly predicts the dependent variable, $R^2 = 1.0$, while $R^2 = 0$ provides no better prediction than using an average baseline prediction. R^2 contains a weakness wherein if more independent variables are added, the results will increase proportionately. In other words, the value of R^2 in the sample is prone to being a rather optimistic overestimation of the true value in the population (Tabachnick and Fidell 2007). Thus, an adjusted coefficient of determination improves the weakness of R^2 and the feasibility of the regression model.

$$R_{adj}^2 = 1 - \frac{SSE / (n - k - 1)}{SST / (n - 1)} = 1 - \left(\frac{n - 1}{n - k - 1} \right) (1 - R^2)$$

Model 5 indicates that the values of R^2 and the adjusted R^2 are 0.449 and 0.394, respectively, as an evaluation of the overall regression model fit. The scores are expressed as a percentage multiplied by 100 as 44.9% and 39.4%. The adjusted R^2 polishes the R^2 to provide a better estimation of the true value for the population, and this value is particularly acceptable for our regression model due to the small sample size (e.g., 122 final samples) and the number of dependent variables (e.g., 11 variables) (Pallant 2010). Therefore, the final frame of this study model explains 39.4% of this study, which is interpreted as being highly adequate for our research model when compared to the findings in other international articles (Pallant 2010). In addition, this full model 4 shows outstanding statistical significance at $p < .001$.

Next, we evaluate the independent variables that contribute to the prediction of the dependent variable. Initially, there are unstandardised coefficients and standardised coefficients within the coefficients labelled in the output box as a result of the regression performance in SPSS. The values of the standardised coefficients for each of the different variables are estimated in terms of how much the regression coefficient will vary between samples of the same size taken from the same population, reflecting the change in dependent measures for each unit change in the independent variable; thus, the values are converted to the same scale so that they are able to be compared (Hair et al. 2009; Pallant 2010). In order to compare the contribution of each independent variable to the dependent variable, the beta coefficient values of 0.346, 0.301, -0.299, 0.295 and -0.252 – representing attractiveness, reputational power, compliant personality, rational tactics and time pressure of the international negotiators, respectively – have been checked. The results highlight the power of attractiveness as having a stronger significant influence on the cooperativeness of negotiations in face-to-face scenarios than any of the other independent variables. The Beta value of -0.252 for time pressure is lower than the value of 0.346 for attractiveness, indicating the lesser contribution made by time pressure to the cooperativeness between partners.

In order to identify the significance in the value of each independent variable, Sig. should be checked to determine whether the variables have a unique contribution to the equation statistically, since this is very dependent on which variables are included in the equation and how much overlap there is among the independent variables. In other words, if the value of the significance level is less than .05, .01, .001 and .0001, it is interpreted that the independent variables have a significant and unique contribution to the prediction of the dependent variable, while if the value is greater than .05, it is concluded that the independent variables do not have a significant and unique contribution to the prediction of the dependent variable. As shown in Table 5.18, based on the full model of this study (for model 4) showing the unstandardised coefficients of B, the t-value and the significance level, attractiveness, compliant personality, rational tactics, time pressure and reputational power have a unique and statistically significant contribution to the prediction of the cooperative process of negotiation in face-to-face situations.

5.5.3.2. Individual component

First of all, the relationship between attractiveness and a compliant personality, from among all of the individual components affecting the cooperative atmosphere during international negotiations, is significant and exhibits a strong relationship between the independent and dependent variables, as we expected. Attractiveness has a significant positive effect on the integrative negotiation process, as predicted ($t = 5.131$, $p < 0.001$). On the other hand, the compliant personality of a negotiator has an unexpected significant negative effect on the dependent variable ($t = -2.927$, $p < 0.001$), since we assumed earlier that a compliant personality may have a positive relationship with the cooperativeness of the negotiation. Together with the dependent variables associated with the cooperative process of negotiation, the results shed light on the importance of the attractiveness of negotiators promoting the cooperativeness between two parties, while highlighting that the compliant personality of negotiators actually decreases cooperativeness. The unexpected results derived from the compliant personality measure, including the many aspects of its definitions, will be discussed in the next chapter with its theoretical interpretation.

5.5.3.3. Strategic component

Among the three independent component models, while model 2 does not explore the significant relationship between strategic components (e.g. rational tactics, soft tactics and hard tactics) and cooperativeness, the final model 4 demonstrates the strong relationship between rational tactics and the cooperative process of negotiation, which we predicted and proposed in hypothesis H3b. Based on the comparison between models 2 and 4, we support the adequacy of model 4 again. Hard tactics have not been found to be positive, while satisfaction as well as soft and rational tactics have been focused on as positive influencing factors in the previous research (Standifird, Ponds and Moshavi 2008). Interestingly, in a case considering competitive M&A negotiations, rational tactics using logical data or information and excluding emotional arguments have been confirmed to have positive effects on the outcome of cooperativeness during negotiations. The negotiator's rationality serves to mutually balance the attractive economic range, producing equilibrium in both parties, resulting in a cooperative outcome for the negotiation (Bruner 1992).

5.5.3.4. Contextual component

This research finds the large explanatory power of the variables ‘time pressure’ and ‘reputational power’ as contextual components ($\beta = -0.247$, $p < 0.01$; $\beta = 0.330$, $p < .001$, respectively) in the full model 4. The regression model’s fit or explanatory power is increased from 14.0% to 39.4%, reinforcing the model’s explanatory power.

In particular, the effect of time pressure has been controversial with two different streams of thought, both positive and negative. We confirmed the strongly negative effect of time pressure on the cooperative process of negotiation in the same vein as Walton and McKersie (1965) and Stuhlmacher and Champagne (2000), advocating that intense time pressure may hinder the goal of integrative agreements due to ineffective interaction in communication and less information exchange. Interestingly, this argument tends to be estranged from the main stream of thought, which supports the positive effect of time pressure, as Lewicki and Litterer (1985) dispute that tight deadlines soften demands, enhance the chance of concessions, generate negotiators to reach agreements faster and also protect the negotiators’ image by providing an external justification for ‘softer’ concessionary behaviour.

Among the relative powers affecting cooperativeness during negotiations, reputational power has a dominating influence on the dependent variable in a positive direction. This positive relationship between reputational power and the integrative process of negotiation has been continuously verified in models 3 and 4. The strong significance at $\beta = 0.330$, $p < 0.001$, supports two different ideas. Firstly, it reinforces the corporate-reputation research wherein many academics theorise that corporate reputation is a critical resource for competitiveness (Deephouse 2000; Gray and Balmer 1998). Since corporate reputation and its image cannot be imitated by competitors, it is definitely factored into the competitive power dimension during face-to-face negotiation situations (Balmer 1995). Secondly, most researchers argue that low-power negotiators behave in a more cooperative way versus high-power negotiators (Fiske 1993). Kramer (1994) endorsed that high-power individuals are apt to be suspicious and pessimistic in terms of their behaviours and even intentions compared to low-power individuals. However, our results support Staw and Kramer’s (2005) school of thought. They argued that negotiators with high power may have intended to utilise their power source to encourage a joint outcome between the parties, maximising even their own individual outcomes as well, especially that of reputational competitiveness

in the power paradigm.

5.5.3.5. Summary

Regarding prediction, only the full regression model 4 in Table 5.18 achieves a high enough level of predictive accuracy at the organisational level compared to other international business articles (e.g., Lyles and Salk 1996). The amount of variance explained equals to about 39.4% in the full model 4 and the expected error rate for any prediction at the 95% confidence level is 0.9 points. In this type of research setting, these levels, augmented by the results supporting the model's validity, provide high levels of assurance as to the quality and accuracy of the regression models as the basis for improving business negotiation strategies.

Models 1, 2 and 3 in Table 5.18 show the respective regression result (e.g., conceptual categories such as the individual, strategic and contextual components) with cooperativeness. With the exception of model 2 having a very low model fit with the adjusted R squared of 27.7%, 2.3% and 16.8%, the explained variance for model 1 and model 3 is enough for predictive accuracy, while model 2 (strategic components) contributes too little to the whole construct. Model 1 (individual components) contributes the most to the full construct. It suggests that almost all of the explanatory power in this full model comes from the variables included in model 1 and, in particular, it seems that model 2 is practically useless.

The critical variables are determined by the significance level and the sign of the relationship between the predictors and the dependent variable. The regression analyses focus on the cooperative process during international M&A face-to-face negotiations, and show that three highly significant comprehensive components simultaneously influence the dependent variable.

These findings particularly confirmed that all of the critical factors highlighted throughout the examinations are from all three of the considered dimensions, instead of only concentrating on one important component with a narrow-minded perspective. Intriguingly, counterparts' attractiveness, strategically rational tactics and reputational power facilitate an integrative or cooperative atmosphere during the negotiation, as we have clearly advocated in Chapter 3, while time pressure perceived during the negotiation does not

encourage cooperativeness during negotiations. In terms of personality, a compliant negotiator does not seem to promote a cooperative atmosphere during the negotiation, although we predicted otherwise.

Table5. 18 Summary of multiple regression in integrative negotiation

Hypothesis	Independent variables	Expected sign	Result of regression			
			Model1	Model2	Model3	Model4
<i>Individual components</i>	H1 Attractiveness	+	.411*** (5.131)			.334*** (4.043)
	H2a Aggressive personality	-	-.296** (-2.927)			-.061 (-.426)
	H2b Compliant personality	+	-.049 (-.485)			-.037*** (-3.815)
	H2c Detached personality	-	.118 (.877)			.005 (.047)
<i>Strategic Components</i>	H3a Hard tactics	-		.052 (.473)		.152 (1.547)
	H3b Rational tactics	+		.223 (1.759)		.387*** (3.622)
	H3c Soft tactics	-		.105 (.691)		-.087 (-.626)
<i>Contextual components</i>	H4 Time pressure	-			-.285*** (-3.433)	-.247** (-3.209)
	H5a Legitimate power	+			-.026 (-.245)	.006 (.063)
	H5b Reputational power	+			.413*** (3.591)	.330*** (3.292)
	H5c Informational power	+			-.146 (-1.104)	-.173 (-1.475)
Constant			3.673*** (4.388)	2.426 (2.541)	4.740*** (7.839)	3.093*** (3.287)
R-squared			.277	.047	.168	.449
Adjusted R-squared			.253	.023	.140	.394
F- value			11.234 (.000)	1.935 (.128)	5.924 (.000)	8.928 (.000)
N			122	122	122	122

* Denotes statistical significance (all two-tail test) at 5% level.

** Denotes statistical significance (all two-tail test) at 1% level.

*** Denotes statistical significance (all two-tail test) at .1% level.

5.5.3.6. Additional models for testing interactive effect

Table5. 19 Additional models

Hypothesis	Independent variables	Expected sign	Result of regression			
			Model5	Model6	Model7	Model4
<i>Individual components</i>	H1 Attractiveness	+	.439*** (5.381)	.324*** (3.936)		.334*** (4.043)
	H2a Aggressive personality	-	.060 (.406)	.058 (.431)		-.061 (-.426)
	H2b Compliant personality	+	-.368*** (-3.672)	-.302** (-2.981)		-.037*** (-3.815)
	H2c Detached personality	-	-.043 (-.442)	-.036 (-.351)		.005 (.047)
<i>Strategic Components</i>	H3a Hard tactics	-	.110 (1.074)		.086 (.843)	.152 (1.547)
	H3b Rational tactics	+	.335** (3.048)		.302* (2.512)	.387*** (3.622)
	H3c Soft tactics	-	-.160 (-1.144)		.082 (.573)	-.087 (-.626)
<i>Contextual components</i>	H4 Time pressure	-		-.171* (-2.182)	-.346*** (-4.196)	-.247** (-3.209)
	H5a Legitimate power	+		-.042 (-.443)	-.016 (-.149)	.006 (.063)
	H5b Reputational power	+		.315** (2.931)	.410*** (3.683)	.330*** (3.292)
	H5c Informational power	+		-.102 (-.824)	-.196 (-1.491)	-.173 (-1.475)
Constant			.2642 (2.687)	.000 (5.007)	2.624 (2.766)	3.093*** (3.287)
R-squared			.595	.590	.492	.449
Adjusted R-squared			.354	.348	.242	.394
F- value			8.928 (.000)	7.536 (.000)	5.208 (.000)	8.928 (.000)
N			122	122	122	122

* Denotes statistical significance (all two-tail test) at 5% level.

** Denotes statistical significance (all two-tail test) at 1% level.

*** Denotes statistical significance (all two-tail test) at .1% level.

Based on the reliability and validity test performed and described above, we performed regression in SPSS for additional model 5, 6, and 7 and compared to the full model4 in Table. As recommended by examiners during the viva, the change of statistical significance of aggressive and compliant personalities as well as rational tactics in different models is worrying, as is the change of the signs of soft tactics and legitimate power. It is necessary to explain the causes of these changes. Among other explanations, interactive effects should be considered. Thus, as examiners proposed, we tested the additional models as: 1) items involving individual and strategic components only as in Model5; 2) items involving individual and contextual components only as in Model6; and 3) items involving strategic and contextual components only as in Model7. Given the change of significance or the sign of items in the individual and strategic components, there may be some interaction between items comprising these components which need to be investigated and addressed due to the robustness of any results.

Although we were suspicious of the interactive effects in each two component, the regression results explained the consistency of significant factors effecting on the cooperativeness of international negotiation. Interestingly, in all additional models, the significant factors are consistent with model4, the full model of this research. In model5, the positive effect of attractiveness ($t = .5.381, p < .001$) and rational tactics ($t = 3.936, p < .01$) and the negative effect of compliant personality ($t = -3.672, p < .001$) on the cooperativeness have been confirmed. In model6, the positive effect of attractiveness ($t = 3.936, p < .001$) and reputational power ($t = 2.931, p < .01$), and the negative effect of compliant personality ($t = -2.981, p < .01$) and time pressure ($t = -2.182, p < .05$) on the cooperativeness has been verified as we assumed. In model7, the positive effect of rational tactics ($t = 2.512, p < .05$) and reputational power ($t = 3.683, p < .001$), and the negative effect of time pressure ($t = -4.196, p < .001$) have been identified. Thus, we conclude that there is no significant interaction effect between two components as individual and strategic components, individual and contextual components, and strategic and contextual components, since the significant factors are consistent with the full model (model4) of this research.

Moreover, the adjusted R-squared to check the regression model fit , 35.4%, 34.8%, and 24.2% is sufficient for the predictive accuracy, meanwhile the full model (model4) explains 39.4%. Although model 7 contributes relatively little to the full model, all three additional models introduced the significant factors and the relationship between the predictors and

dependent factor, reinforcing the full model of this research.

5.6 Conclusion

In this chapter, a descriptive analysis of the sample characteristics was presented first. Then the normality of the data was reported. The reliability and validity of the measures for the structural model were examined using CFA. Finally, the overall data-analysis procedure in SPSS with the full model is noted, confirming the relationship between the variables based on the hypotheses. In the next chapter, the main findings of the study will be discussed in depth with regards to the hypotheses and the existing literature. Additionally, the contributions and limitations of the study are countered with suggestions for future research.

Chapter6 DISCUSSION AND CONCLUSION

Prior to Chapter 6, the results of the overall data analysis and statistical procedures applied in this research were illustrated. Chapter 5 also details how the analysis procedures were carried out and explains the choice and procedure for these statistical techniques (e.g., regression). This chapter turns to a discussion of the hypotheses in order to build on the foundations in addressing the research objectives of the study through appropriate discussion. The explanation of the associations has been realised in the table matrix (e.g., the correlations of the final model for the negotiation process). Accordingly, this section embarks on an evaluation of the results from the data analysis. An in-depth discussion of the main findings of this study is conducted in accordance with the hypotheses proposed and the existing studies in the area. This chapter also highlights the contributions of the study to theory and management practice. Furthermore, the limitations of the study are discussed and some suggestions for further research are provided. Ultimately, the final conclusion of the study is addressed.

6.1 Discussion of hypothesized relationships

The literature review formulates, justifies and develops corresponding hypotheses that captured the framework of the current study. This section will examine the hypotheses in relation to the correlation direction and statistical significance, while critically examining the reasons for the results yielded from the statistical procedures. The following paragraphs will present each hypothesis individually in relation to the results from the data analysis and will offer a discussion of the results obtained.

6.1.1 Individual components

Individual various propensities of negotiators in terms of risk taking, experience, attitude, perspective, personality and background have been argued about in terms of their relationship with the processes and outcomes of negotiations (Wall and Callister 1995; Rubin and Brown 1975). Among the many issues regarding individual differences, it is true that demographic characteristics (e.g., gender, race and age) and personality (e.g., Machiavellianism, authoritarianism, self-esteem, cognitive complexity and tolerance for ambiguity) were widely and actively investigated in the 1960s. Throughout the 1960s and

1970s, the study of negotiation research in social psychology shed light on two main streams of thought: the individual differences of the negotiators and the situational factors that facilitate or impede the negotiation process and performance, and even the study of the individual dimension was emphasised (Rubin and Brown 1975). As negotiating is clearly an interpersonal activity, the participant's disposition should have a significant influence on the process and outcomes of negotiations. However, hundreds of studies on individual difference factors have seldom verified their effects. Especially, the gender effect as an individual-level factor of negotiators has been verified as having no consistent relationship and a sceptical effect on the performance of negotiators (Thompson 1990; Lewicki, Litterer, Minton and Saunders 2006).

Despite the stream of individual-dimension negotiation studies, attractiveness between two partners and their personalities have been emphasised as controversial variables in negotiation research (Rubin and Brown 1975). In terms of attractiveness, there has been clear previous research on the causal relationship between interpersonal attractiveness during the negotiation and negotiation outcomes or the success of future transactions (Adler and Graham 1989), and the attractive feeling even enhances bargaining outcomes in the review of Rubin and Brown (1975) (Berscheid and Walster 1978; Benton 1971; Morgan and Sawyer 1967; Swingle 1966). Despite Simons, Berkowitz and Moyer (1970) indicating that 'the relationship between attractiveness (like-dislike, friendly feelings, etc.) and attitude change has received scant attention' and has simply been utilised as a measurement, broad support for the positive relationship between a negotiator's attractiveness and the negotiation outcome has even been found across cultural groups in France and Germany (Campbell et al. 1988), Japan, Korea, Taiwan and the United States (Graham et al. 1988), and in Canada and Mexico (Adler et al. 1987). Most of the previous research has actually proven this based on the simulated laboratory setting developed by Kelley (1966) and as mentioned in the methodology chapter, and Adler and Graham (1989) include a survey questionnaire on the attractiveness of counterparts, which we utilise here in this research. This is again an inevitable truth that negotiating activity is apparently interpersonal, so that the participants' disposition should have a critical influence on the process and outcomes of negotiations.

Moreover, McGuire (1968) clarified that when people feel attractive to each other, they will make concessions or sacrifices to sustain such satisfying personal relationships. Thus, an individual negotiator is inclined to give up the economic rewards or benefits for the social

rewards of a relationship with an attractive counterpart (Adler and Graham 1989). Moreover, in the study by Adler and Graham (1989), attractiveness is considered as a process-related construct, in the same vein as Zunin and Zunin's (1972) findings, who suggested that during the first few minutes of communication in a negotiation, whether to continue the conversation or interaction by formulating either a cooperative or competitive atmosphere during the negotiation conversation is a decision-making act by the negotiators.

As we expected based on the previous literature, regarding the attractiveness of the negotiator at the level of individual components, hypotheses 1 was tested and strongly supported ($\beta = .334$, $p < .001$), as shown in the regression result in Table 5.18. This regression result is translated as the attractiveness dramatically has an effect on the cooperativeness of the negotiation outcome, which mostly relates to a future relationship with a feeling of satisfaction held by the negotiators.

Regarding hypothesis 2, within the personality literature, scholars have consistently suggested the various paradigms of personality as important, especially during negotiations, as mentioned in the literature review chapter. For instance, Machiavellianism (Rubin and Brown 1975; Fry 1985), persuasiveness and charisma (Yukl and Falbe 1991), different types of self-esteem (Adler, Graham and Gehrke 1987), positive and negative affectivity (George, Jones and Gonzalez 1998), the five-factor model (Digman and Shmelyov 1996; Shmelyov and Phkhil'ko 1993) and CAD (i.e., compliant, aggressive and detached) personality types (Horney 1945) have been proposed as paradigms of personality. Among the diverse paradigms of personality, we utilise the CAD category in this research, which is suggested in Brooks and Rose (2004). According to the description of each personality type, a compliant personality instead of an aggressive and detached personality has a positive relationship with integrative face-to-face negotiations, since the compliant personalities who are task-oriented, systematic, self-sacrificing and analytical are prone to comply with the rules and regulations, enhancing the integrative atmosphere during the process of negotiation. Meanwhile, the other two types (aggressive and detached) of personalities inhibit a negotiator's ability to achieve collaborative objectives, suggesting hypotheses 2b and 2c.

As a result of the regression performance, at the level of individual components, the negotiators' personality as compliant, aggressive, detached or none of them (H2a, H2b, and H2c) has been supported, although we predicted that a negotiator with a compliant

personality would have a positive effect on the integrative negotiation process, and as for the two other personalities (aggressive and detached), one had a negative effect on the cooperativeness of negotiation. Interestingly, a compliant negotiator even has a negative effect on the cooperativeness ($\beta = -.299, p < .001$) and the other two types do not show any significant relationship between the independent and dependent variables. This is an interesting result for compliant personalities, as it shows the opposite sign to its hypothesis.

Regarding the rejection of hypothesis 2a, which we targeted to reveal the positive relationship between a compliant personality and the cooperativeness of a negotiation, some practical theorists and professionals, such as the psychologists Dr Henry Cloud and Dr John Townsend, support the reason for this result, as outlined below. As people with a compliant personality represent 17 percent of the population, they are prone to task-oriented modes of operation, just like the detached people who may rely on self-sufficiency. Generally, compliant people are systematic, analytical, detail-oriented, self-sacrificing, serious and genius prone, while they can also simultaneously be moody, negative, critical, revengeful and unsociable. For example, they prefer to set high standards and to comply with the rules and regulations, and they want everything to be carried out up to when the target is reached. Although they possess quite positive characteristics such as being creative problem solvers, job finishers, persistent, systematic, precise, hyper-efficient and bureaucratic in their job, scholars suggest that they have outstanding limitations in that they focus on dealing with tasks by investing too much time and effort in planning, setting times and setting unrealistic goals, instead of focusing on relationship building and on pleasing other people. Therefore, the unexpected result of a negative relationship between a compliant personality and the integrative process of negotiation is somehow because of the two different aspects of traits in compliant people, since they do not tend to focus on relationship building with their counterparts specifically.

Over the course of decades of negotiation and bargaining research, it has been widely assumed that the personal characteristics of individual negotiators are relevant to an understanding of the processes and outcomes of negotiation encounters. However, the overall legacy of research on personality and negotiation is one of inconsistency and confusion (Pruitt and Carnevale 1993). Moreover, empirical support for the role of individual differences in negotiation is inconclusive (Neale and Northcraft 1991; Pruitt and Carnevale 1993), leading some researchers to question whether such differences are important determinants of negotiation behaviour (Lewicki, Litterer, Minton and Saunders

1994) as a controversial issue. Hundreds of studies have been undertaken on individual differences such as those mentioned in the literature chapter, and such factors typically have not explained much variance in negotiator behaviour (Thompson 1990b). For example, Rubin and Brown (1975), in their review of authoritarianism and the negotiating process, found no relationship in 7 of 16 experiments, while the other 9 experiments did find a link with low-authoritarian negotiators more inclined to cooperative behaviour than high-authoritarian negotiators were. In addition, they revealed that people high in Machiavellianism behave more competitively and strategically than people low in Machiavellianism, as Greenhalgh and Neslin (1983) also reported, whereas Fry (1985) specifically found that high Machiavellianism outperformed low Machiavellianism regarding the negotiated outcome and negotiation context.

Hypothesis 1: Attractiveness has a positive effect on the cooperative negotiation process.

Supported

Hypothesis 2a: Negotiators' aggressive personality has a negative effect on the cooperative negotiation process. ***Not Supported***

Hypothesis 2b: Negotiators' compliant personality has a positive effect on the cooperative negotiation process. ***Not Supported***

Hypothesis 2c: Negotiators' detached personality has a negative effect on the cooperative negotiation process. ***Not Supported***

6.1.2 Strategic components

Negotiation strategy is the core issue discussed in both the academic and practical world, since it is mainly considered during the whole process of negotiation including the pre-stage, face-to-face stage and post-stage of a negotiation, influencing the outcome through strategic behaviour. In terms of the typology of negotiation strategies, many researchers have proposed various strategies depending on the particular context of a negotiation. Tinsley and Pillutla (1998) suggested the five distinct strategies of self-interested, altruistic, joint problem-solving, competitive and equality strategies from the cultural perspective, while Ganesan (1993) proposed negotiation strategies as five negotiation styles, such as competing/aggressive, collaborating/problem-solving, compromising, avoiding and accommodating (Thomas 1976; Thomas and Kilmann 1974). Popularly, the strategic choice model by Pruitt (1981) also suggested the three basic strategies of negotiators as unilateral concession, contentious behaviour and coordinative behaviour. Meanwhile, one

of the popular typologies of influence tactics employed in this study was proposed by Kipnis and Schmidt (1988) and Kipnis, Schmidt and Wilkinson (1980). They initially introduced seven meaningful and distinct influencing tactics, since this typology is sufficiently comprehensive and representative of various frameworks proposed across different disciplines (Lee, Yang and Graham 2006). Among the seven tactics, the assertiveness, rationality and ingratiation tactics as strong, rational and weak influence tactics were finally employed in terms of item loadings and dimensions, as in Kipnis, Schmidt and Wilkinson (1980), and as proposed in Rao and Schmidt (1998) and Kipnis (1976).

According to the regression result, as we predicted, the positive relationship between the rational tactical strategy and the integrative process of negotiation was at a highly significant level ($\beta = .387$, $p < .001$), while the negative effect of soft and hard tactics has not been proven. Many researches empirically tested and investigated the influence of tactics by concentrating on the soft and hard tactics among a few more factors, as proposed in Falbo (1977), Kipnis, Schmidt and Wilkinson (1980) and Marwell and Schmitt (1967). Meanwhile, Rao and Schmidt (1998) empirically advocated that rational tactics rather than hard or soft tactics in alliance negotiations were positively and significantly associated with negotiators' time-frame pressure during collaborative negotiation. From a rational-choice point of view, a merging case should consider both the buyers and sellers, who can agree on the current and future value for cash flows. In this competitive paradigm, rationality may prompt both parties to equilibrium, assuming that rational choice and decision-making would predict that merger negotiations occur within the mutually attractive economic range (Bruner 1992). Moreover, since we consider and limit the context to international M&As, it is a more complicated and specific situation than any other negotiation, such as for a product or licensing. Thus, as we expected, based on the type of negotiation in terms of the size and effect of companies, rational tactics have a positive association with the cooperativeness of a negotiation at a highly significant level. It is also confirmed that rational tactics, which depend on logical data and information in attempting to obtain compliance and a cooperative atmosphere with counterparts, are necessary in the international M&A negotiation context.

Hypothesis 3a: Soft tactics have a negative effect on the cooperative negotiation process.

Not Supported

Hypothesis 3b: Rational tactics have a positive effect on the cooperative negotiation

process. *Supported*

Hypothesis 3c: Hard tactics have a negative effect on the cooperative negotiation process.

Not Supported

6.1.3 Contextual components

Throughout the 1960s and 1970s, the fashion for studying individual disposition provided a good example of a failed attempt to find the link between individual differences and negotiators' behaviour based on the hundreds of studies undertaken (Bazerman, Curhan and Moore 2007; Thompson 1990). Then, the active research topic was moved slightly towards the situational and contextual features in turn.

Among the contextual components previously suggested in the literature review chapter, we utilised time pressure and relative power in terms of legitimate, reputational and informational power, expecting a negative relationship for time pressure and a positive relationship for relative powers with the integrative process of negotiation. As a result of hypothesis 4, the negative relationship between time pressure and the cooperativeness of a negotiation was tested and strongly supported ($\beta = -.247$, $p < .01$). As in the literature reviewed, there are two different streams of thought on the effect of time pressure on the integrative process of negotiation or the outcome of negotiation. Thus, this relationship has not yet been made clear and has remained controversial, depending on the detailed context and strategy utilised during the negotiation (Carnevale and Lawler 1987) under the premise of time pressure in an effort to explore the effect on the decision-making process of negotiations (Stuhlmacher and Champagne 2000).

In particular, there are two contrary schools of thought on the time-pressure effect. A meta-analysis of time-pressure effects in negotiation (Stuhlmacher, Gillespie and Champagne 1998) suggested that time pressure fosters cooperative behaviour among negotiators. Moreover, the concession rate is greater when time pressure is high than when it is low (Smith, Pruitt and Carnevale 1982; Pruitt and Drews 1969; Pruitt and Johnson 1970; Yukl 1974; Carnevale et al. 1979). That is, as time pressure increases, the desire to reach agreement increases, and negotiators tend to make more concessions in the end. Based on this idea, Stuhlmacher, Gillespie and Champagne (1998) also indicated that high time pressure is more likely to increase negotiators' concession rates and a cooperative atmosphere than low time pressure, as well as making mutual agreements more likely.

On the contrary, Wright (1974) found that people under high time pressure become more sensitive to negative information. Since high time pressure hinders reflection, and often makes collecting basic information, researching other options and reaching a mutual understanding (Adler 1997; Maron and VanBremen, 1999; Stuhlmacher and Champagne 2000; Walton and McKersie 1965) difficult (Maron and VanBremen 1999), this is likely to cause errors of interpretation (Bazerman and Neale 1983). In other words, the lower the time pressure, the higher the possibility of reaching a mutual understanding because the parties tend to explore the other's interests, resources and options more (Adler 1997; Beatty 1994; Stuhlmacher and Champagne 2000), thereby reducing any cognitive mistakes (Pinkley and Northcraft 1994). Supporting this idea, Yukl et al. (1976) also concluded that time pressure interrupts integrative bargaining processes, chiefly the processes of systematic concession making and the problem-solving orientation, which facilitate the exchange of truthful information (Carnevale and Lawler 1987). Moreover, time pressure may produce more contract settlements as well in the high time-pressure situation than in the low time-pressure situation (Brookmire and Sistrunk 1980). In relation to hypothesis 4, as we predicted, the result supports the negative effect of time pressure.

This empirical result clarified and developed the confusing results regarding time pressure in negotiations. Carnevale and Lawler (1987) argued that the issue of time pressure is pervasive in negotiation and is critical, especially relating to the integrativeness of the negotiation, although the mutual joint outcome is simply ignored. They even emphasised that if every condition is equal (e.g., relative power and strategy), less time pressure may be beneficial for negotiators to both reach an agreement and to mutually meet at an integrative solution. This result is the complete opposite of this research result and of the main stream of time-pressure research, as above. However, Carnevale and Lawler (1987) and most of the research methodology have been limited by simulations with university students. For instance, their randomly selected subjects were 48 males and 48 females on the campus of the University of Iowa with a three-dollar payment, while this study dealt with practical international negotiators with real international M&A negotiation experience. Although the restriction of the M&A negotiation environment may influence the outcome, the strong negative relationship between time pressure and the cooperativeness of a negotiation as an outcome could be a starting point from which to augment the other school of thought on the time-pressure effect.

As for hypothesis 5, the relationship between the relative power and cooperativeness of a negotiation has been extensively studied and tested in this research. The test results confirmed that only reputational power has a positive effect on the cooperativeness of the negotiation process at a highly significant level ($\beta = .330, p < .001$), although we expected that a negotiator who has all types of relative power feels cooperativeness. As mentioned by Wolfe and Macginn (2005), in an asymmetric relationship of negotiation, in which the power balance between the partners is unequal in general, the relatively high-power party is likely to have his or her interests addressed during a negotiation, while the interests of the low-power party may be ignored. This dynamic has implications not only for the distribution of outcomes, but also for integration.

However, only reputational relative power has proven its strong effect on the negotiation outcome and its process. Many academics consider corporate reputation as a critical resource in terms of competitive advantage (Deephhouse 2000; Gray and Balmer 1998). It is true that corporate reputation is an intangible asset (Aaker 1996; Fombrun 1996; Davies et al. 2003) and that it is difficult to value or evaluate in comparison with other tangible assets such as cash, land, equipment and buildings. Unlike other intangible assets such as trademarks, patents and copyrights, which can be achieved through trading, corporate reputation can be achieved through a company's differentiation in the market. With such characteristics, corporate reputation cannot be perfectly imitated by competitors (Balmer 1995). Thus, if this characteristic of reputation is possessed by one party relatively more than by the other party, the more resources one is able to claim to be cooperative to gain a better outcome from the negotiation (Fisher and Ury 1981; Thompson 2005).

Hypothesis 4: High time pressure has a negative effect on the cooperative negotiation process. *Supported*

Hypothesis 5a: Relative legitimate power has a positive effect on the cooperative negotiation process. *Not Supported*

Hypothesis 5b: Relative reputational power has a positive effect on the cooperative negotiation process. *Supported*

Hypothesis 5c: Relative informational power has a positive effect on the cooperative negotiation process. *Not Supported*

Table6. 1 Summary of hypotheses test results

	Hypotheses	Statistic Results
H1	Attractiveness has a positive effect on the cooperative negotiation process	Supported
H2a	Negotiators' aggressive personality has a negative effect on the cooperative negotiation process	Rejected
H2b	Negotiators' compliant personality has a positive effect on the cooperative negotiation process	Rejected
H2c	Negotiators' detached personality has a negative effect on the cooperative negotiation process	Rejected
H3a	Soft tactics has a negative effect on the cooperative negotiation process	Rejected
H3b	Rational tactics has a positive effect on the cooperative negotiation process	Supported
H3c	Hard tactics has a negative effect on the cooperative negotiation process	Rejected
H4	High time pressure has a negative effect on the cooperative negotiation process	Supported
H5a	Relative Legitimate Power has a positive effect on the cooperative negotiation process	Rejected
H5b	Relative Reputational Power has a positive effect on the cooperative negotiation process	Supported
H5c	Relative Informational Power has a positive effect on the cooperative negotiation process	Rejected

6.2 Contributions

This study has several contributions to make. This is one of the first empirical studies to consider three conceptual components affecting the cooperative process during the international M&A business negotiations in face-to-face situations around the negotiation table. The contributions are categorised by three aspects: theoretical, empirical and methodological, as shown below.

6.2.1. Theoretical contributions

This study succeeded in empirically analysing the negotiation frame that is closer to the real world, rather than selecting particular outstanding factors. For instance, Metcalf et al. (2006) conducted a broad comparative analysis of negotiating tendencies (e.g. attitudes, personal style, communication, time sensitivity, emotionalism, agreement form, agreement building, team organisation and risk taking) in five different cultures. Kumar, Rangan and

Rufin (2005) pushed a relationship-oriented strategy based on formal contracts and trust building. The impact factors considered above are all dramatically critical, but are not enough to draw a comprehensive picture of the cooperative negotiation process. The impact factors also seem to be randomly selected without a comprehensive frame, definition of the negotiation process or a bigger picture of it, while the model in this study could be universal, including negotiation theory, and it could apply across cultures and be used to develop a comparative study of negotiation.

6.2.2. Empirical contributions

One of the outstanding limitations of the previous negotiation research was the use of limited simulation methods (see Table 4.2), which are the most prevalent and are based on Kelley's (1966) study. However, regarding simulation methodology, Smith (1987) cautioned that the findings suggested by Rubin and Brown (1975) in 27 experimental studies of bargaining factors could be artefacts of the laboratory. He recognised that college undergraduates who are designated as 'equal' in power may assume equality with each other in terms of opportunities, responsibilities, options, pay-offs and alternatives, while 'real' counterparts do not assume this in reality. Thus, this research finally dealt with real international negotiators in the survey methodology in order to empirically test and verify the parsimonious and generalised model of this study.

This study attempted to test the relationship between the influencing factors and the outcome of a negotiation empirically, stepping over the descriptive picture of negotiation. Wall and Blum (1991) described the impact of the negotiator's characteristics, negotiator–opponent interaction, constituencies, third parties and situational environmental factors on the negotiation process and its outcomes. Sebenius (1992) also analysed and reviewed the negotiation characterisation, developing a prescriptive theory and useful advice for negotiators and third parties. The previous scholars have provided us with an understanding of the negotiation environment by developing theories and conceptual pictures, while we seek an empirical and plausible model for testing to generalise the results.

We employed more plausible and predictable outcome variables, instead of using the financial reward perspective or descriptive outcomes. In the hundreds of bargaining experiments conducted, both the individual and joint profits attained by negotiators was mostly employed as a common measure of the negotiation outcome in negotiation

simulations (Rubin and Brown 1975; Clopton 1984; Dwyer and Walker 1981). Apart from the joint profits, Graham et al. (1992) suggested the satisfaction of the counterpart as a key outcome of negotiation, consistent with some other researchers (Fisher and Ury 1981; Weitz 1978), as the scholars assumed that negotiators will try to maximise their own economic rewards or their own profit and the satisfaction of their partner by balancing these things simultaneously. That is the reason why this research focused on the integrative or cooperative approach as an outcome variable, whereby the needs of both parties are honestly discussed and eventually satisfied based on an information-exchange orientation.

6.2.3. Practical contributions

In terms of the practical perspective, this study yields practical instructions for international negotiators or companies ahead of their entry into international negotiations in face-to-face situations around the table. They are able to set a plan regarding the selection of appropriate negotiators, strategies and have an understanding of power in a certain kind of environment to control and keep a cooperative atmosphere, even for their future relationships and for joint profit. In other words, since the perception of attractiveness as an inevitable factor during an interpersonal negotiation activity has been verified, it is extremely important for the cooperativeness of negotiations in this study.

In terms of the strategy perspective, practical negotiators can recognise the importance of rational tactics with logical data and information instead of soft or hard tactics during the cross-border M&A negotiations in face-to-face settings. The competitive advantage of reputational power (Deephouse 2000; Gray and Balmer 1998) when compared to other relative powers (e.g., legitimate and information power) should be emphasised during international negotiations. Regarding the contextual strategy level, time pressure, which has been controversial regarding whether it has a positive or negative effect on the negotiation outcome, has been confirmed as having a negative effect around the negotiation table. However, in terms of personality, we found that in developing the measurement, a compliant personality was confirmed to have a negative effect on the cooperative process of negotiation.

6.3 Limitations and future research suggestion

We recognise that we have left many questions unanswered. Firstly, it was extremely impressive to deal with actual international M&A negotiators during the survey, since most of the negotiation experiments were performed with a group of students (e.g., psychology students, undergraduate students or MBA students), which might not be representative of international negotiators, even with an instruction-mastering session before the simulation-game regulations were given (Carnevale and Lawler 1987; Adler, Brahm and Graham 1992; Graham 1983; 1985). In other words, this research would have been more objective and practical if they had communicated only with experienced international negotiators. As Adler, Brahm and Graham (1992) mentioned in terms of future research, we have attempted to satisfy the case of intercultural negotiations by dealing with real international negotiators.

The accessibility of the respondents was problematic, since the practical negotiators, especially in Korea, refused to participate in this survey due to their high workloads and the confidentiality of the information. Although it was a meaningful trial as we dealt with real negotiators instead of a group of students, the results of the data collection were poor due to the accessibility and confidentiality issues. The total number of surveys completed was 125, including a high number of missing answers, and the data collection took over six months to complete. Due to the low amount of data collected (e.g., $N = 125$ in total), we could not attempt to categorise the nationality of partners and compare the difference between Korean negotiators' behaviour depending on the partners' nationality by employing this as a control variable. Especially due to the accessibility issue, again we were limited to collecting data from Korean practical negotiators who had experienced cross-border M&A cases of negotiation, rather than real negotiators from the United States, who have more volume and experience in cross-border M&As, or any other nationalities of negotiators, for instance.

As for future research, we still have much more remaining work to be done regarding a variety of methods to understand the reality of the international negotiation context. Instead of negotiation simulations with a student sample, a combination of in-depth case analysis, as in Weiss (1987), and a survey approach in a global context, as in Tung (1982), is suggested for the future. We also suggest performing and testing the model with more samples, with enough data to categorise the nationality of partners beyond the Korean context. Alternatively, the dyadic perception of counterparts in a negotiation can also be investigated as a comparative study by surveying both parties.

Secondly, for each component (individual, strategic and contextual), more observable variables should be considered in approaching the real world in order to construct more independent and well-made models for each conceptual level, as in models 1, 2 and 3 with individual, strategic and contextual components, since the adjusted R squares of each individual model when compared to the result of the full model 4 are not evenly distributed (0.253, 0.023 and 0.140, respectively). This explains that almost all of the explanatory power in the full model comes from the variables included in model 1, which shows 25.3% of the model fit.

In terms of methodological weakness, the coefficients change between each of the models 1, 2 and 3, and the full model 4 probably denotes the issues about multicollinearity and endogeneity, which may produce concerns that the statistical significance of some of the variables change when other variables are added.

Thirdly, as Weiss (1993) proposed the embrative and expansive conceptual framework for complex negotiations, we assume the overall stages of decision-making are composed of pre-negotiation, face-to-face (time-period) negotiation and post-negotiation. Depending on each stage, he assessed the counterparts' relationships, behaviours and conditions of negotiation. Ghauri and Fang's (2001) ping-pong model and Ghauri and Usunier's (2003) international negotiation framework, as in Figure 2.1, always included a timed process. However, we attempted to simplify the holistic conceptual pictures for the empirical test in order to introduce a generalised model that could be empirically confirmed. Since this study focused on the face-to-face stage of negotiation during the long journey of negotiation, future research needs to specify and develop the variables in each of the negotiation steps (e.g., pre-negotiation, face-to-face, post-negotiation).

Fourthly, we initially narrowed down the context to international M&A negotiations and we surveyed Korean international negotiators experienced in this due to the issues surrounding the accessibility of respondents and the behaviours of foreign partners of cross-border M&As. Thus, for future research, it would be meaningful to diversify the research context. We focused on cross-border M&As, since the consideration or behaviour of negotiators is varied depending on the type of negotiation (i.e., type of business) such as sales, licensing, joint ventures and acquisitions, as mentioned in Weiss (1993), often described as 'complex negotiation'. For negotiation activities, complicated perceptions and behaviours are complimentary, leading to dramatic and notable results.

The South Korean Manager as Negotiator and Decision-maker

An important stream of empirical research exists on culture and negotiation (e.g., Adler and Graham 1989; Campbell, Graham, Joliber and Meissener 1988; Heydenfeldt 2000; Graham 1985; Weiss and Stripp 1984) as we review in literature review chapter. Culture is a socially shared meaning system including shared knowledge structure or schema (Geertz 1973; Triandis 1972). Culture is complex and it consists of a group's subjective characteristics regarding values and norms and institutions (Lytle et al. 1995; Brett 2001).

Heydenfeldt (2000) is attempt to apply the cultural concept of individualism-collectivism to the negotiation behavior between U.S. and Mexican, assessing the positive relationship between the cultural orientation and the different results of certain negotiation tactics and behaviors based on the Hofstede (1989) idea. Meanwhile, Hall's (1976) theory can explain the behavior of international negotiators between low-high context cultures. For instance, communication style or norm in Western cultures is intend to communicate directly and explicitly, defined as low-context culture, while communication style in Eastern cultures in intend to communicated indirectly and implicitly as high-context culture (Hall 1976; Gibson 1998).

In this research, since respondents are specifically South Korean negotiators who have international negotiation experience with foreign partners. Since Korea is belong to the high-context or collective culture, they are assumed to have the typical tendencies suggested by Hofstede (1989) and Hall (1976). Thus, the Korean negotiators in high-context culture may have influence on the cooperative process of negotiation perceived by themselves. This research initially limited the cultural context as all respondents are Korean. The future research is able to make an attempt to compare two extremely different negotiators from the different cultural context. Therefore, we could verify the cultural influence among international negotiators.

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Appendices

Appendix A. an introduction page for online web survey in Korean



University of London

KING'S
College
LONDON



International Business Negotiations

본 설문은 해외파트너와의 M&A협상에 관한 것입니다.

해외기업과 체결한 **가장 최근의 M&A협상**을 바탕으로 응답해주시기 바랍니다.

설문 응답 예상 소요시간은 약 10-15분 정도입니다.

본 설문은 런던 대학에서 연구 목적으로만 사용됩니다.

모든 답변은 통계법(제 13 조, 제 14 조)에 의해 익명으로 처리되며 비밀이 절대 보장됩니다.

여러분의 도움과 협조에 진심으로 감사드립니다.

설문 참여하기 ➔



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본 설문은 해외파트너와의 M&A 협상에 관한 것입니다
해외기업과 체결한 *가장 최근의 M&A 협상* 을 바탕으로
응답해주시기 바랍니다
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여러분의 도움과 협조에 진심으로 감사드립니다

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* 가장 최근에 해외기업과 체결한 M&A 협상을 고려하여 모든 질문에 응답해주시요.

Section A : 일반적인 질문

1. 성별: ①남 ②여
2. 나이: 만 _____ 세
3. 연락 정보 (이메일, 전화 등): _____
4. 모국어: _____ 제 2 외국어: _____ 제 3 외국어: _____
5. 영어 말하기 수준
 ① ————— ② ————— ③ ————— ④ ————— ⑤ ————— ⑥ ————— ⑦
 초급 ————— 최상급
6. 기업명: _____
7. 기업 주요 생산품목: _____
8. 2008 년 총 매출액: _____
9. 2008 년 총 직원 수: _____
10. 직위: _____ (5 번에 있던 직위 질문이 10 번으로 내려왔습니다)
11. 국제 협상 또는 인수합병 협상 경력: _____ 년/ _____ 회
12. M&A 협상 대상 기업명: _____
13. M&A 협상 체결 년도? _____ 협상이 현재까지 지속되고 있는가? 예/ 아니요
14. 귀 사는 ①외수기업 ②외수대상 기업이였다
15. 귀사의 지분율은? _____ % (14 번열에 있었는데, 밑으로 내려했습니다)
16. M&A 협상은 어느 정도 성공적이었다고 생각하십니까?
 ① ————— ② ————— ③ ————— ④ ————— ⑤ ————— ⑥ ————— ⑦
 매우 실패적 ————— 매우 성공적
17. M&A 협상시, 전체적인 협상 분위기는 어떠했습니까?
 ① ————— ② ————— ③ ————— ④ ————— ⑤ ————— ⑥ ————— ⑦
 매우 경쟁적/대립적 분위기 ————— 매우 협력적 분위기

Section B : 개인적 요인 (Individual Factors)

I. M&A협상시 파트너에 대해 어느정도 매력을 느꼈습니까?

전혀
그렇지 않았다

매우
그랬다

- | | | | | | | | | | |
|---|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 파트너와 상당히 편한 사이였다 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | 파트너에게 개인적으로 상당히 관심있었다 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | 기회가 있다면 협상 파트너와 다시 일하고 싶을 만큼 마음에 들었다 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

II. 아래 항목에 대해 당신의 가치관을 바탕으로 얼마나 이상적이고 옳다고 생각하는지 응답해주시기 바랍니다

매우
옳지 않음
(이상적이 아님)

매우
옳음
(이상적임)

- | | | | | | | | | | |
|----|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 1 | 따돌림 당하는 친구와 함께 해주는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 | 내가 아는 모든 사람들을 좋아하고 있다고 생각하는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 | 가난하고 연약한 사람들을 돕는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 | 기대 이하의 음식이 나왔을 때 웨이터에게 건의하는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 | 다른 사람들의 성공을 뛰어넘고 싶은 강한 욕망은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 | 다른 사람들의 실수를 비판할 수 있다는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 | 다양한 보상을 얻기위해 다른사람들과 경쟁하는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 | 다른 사람들의 나에 대한 평판에 거의 신경쓰지 않는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9 | 술속이나 산속 오두막집에서 홀로 사는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 10 | 다른 사람들 없이 홀로 잘 지내는 것은: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Section C : 상황적 요인 (Contextual Factors)

I. 당신의 기업과 비교하여, M&A 협상 파트너에 대해 얼마나 동의 하십니까?	전혀 동의하지 않음	매우 동의함
1 협상시 파트너가 우리를 이끌어 갈 만한 권한이나 자격이 있다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 업무상 직위/권한으로 파트너가 우리의 역할을 통제할 힘/권한이 있다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 파트너가 우리의 동의를 요구할만한 권한이 있다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 파트너의 직위/위치라면 최종 결정에 영향력을 행사할 정당한 권리가 있다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

II. 당신의 기업과 비교하여, M&A 협상 파트너에 대해 얼마나 동의 하십니까?	전혀 동의하지 않음	매우 동의함
1 존경할만한 기업으로써 파트너를 칭찬하거나 동경했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 명성때문에 한눈에 알아볼 수 있는 파트너였다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 질적 수준이 높은 기업으로 존경했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 협상 상대로 파트너를 좋아했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

III. 당신의 기업과 비교하여, M&A 협상 파트너에 대해 얼마나 동의 하십니까?	전혀 동의하지 않음	매우 동의함
1 우리가 가질 수 없는 확실하고 정확한 기업/협상 정보를 더 가지고 있었다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 우리와 효과적으로 협상하기 위한 충분한 정보를 더 가지고 있었다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 파트너가 제공한 정보는 논리적이고 이치에 맞았다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 정보를 바탕으로, 좋은 의도를 가진 파트너의 요구를 진지하게 받아들였다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
5 파트너는 독립적/주도적으로 대화를 이끌어갈 만한 충분한 정보를 가지고 있었다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

IV. M&A협상과정에서 어느정도 압박감과 중요성을 느꼈습니까?	전혀 그렇지 않다	매우 그렇다
1 협상기간 또는 시간은 충분하다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 협상에서 <u>비밀보안 수준</u> 이 중요하다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 직접 협상에 임하기 전에 <u>사전 준비</u> 가 중요하다고 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 최종 협상이 체결되기까지 다양한 <u>내부/외부 압력</u> 이나 <u>간섭</u> 을 느꼈다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

Section D : 전략적 요인 (Strategic Factors)

I. M&A 협상시 얼마나 종종 아래와 같은 태도를 보였습니까?	전혀 그렇지 않다	매우 자주 그렇다
1 요구사항이 완료될때까지 계속해서 제속했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 요구사항을 파트너에게 계속해서 인지시켰다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 불만을 직접적으로 표현했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 파트너가 지켜야할 규칙들을 명확히 제시했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

II. M&A 협상시 얼마나 종종 아래와 같은 태도를 보였습니까?	전혀 그렇지 않다	매우 자주 그렇다
1 요구사항이 있을 때 매우 겸손한 태도로 행동했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
2 원하는 것을 요구하기 전에 친절한 태도로 행동했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
3 요구사항을 전달하기 전에 먼저 우리에게 대해 좋은 감정을 갖도록 노력했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
4 예의를 갖추어 정중하게 요구사항을 전달했다	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	

III. M&A 협상시 얼마나 종종 아래와 같은 태도를 보였습니까?	전혀 그렇지 않다								매우 자주 그렇다							
1 우리의 아이디어를 정당화하기 위해 <u>세부적인 계획</u> 을 세웠다	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 의견을 전달하기 위해 파트너에게 <u>구체적 자료</u> 를 제시했다	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 요구사항들을 <u>적절한 목적이나 이유를 들어가며</u> 제시했다	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 <u>논리적 방법</u> 을 사용하여 파트너를 설득했다	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you very much for your cooperation and participation in this survey!!

If you have any questions, please contact us

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International Business Negotiations

This questionnaire concerns an business negotiations
you formed with your partner(s).

While answering to this questionnaire,
please consider the latest M&A negotiations
your company formed in order to develop or create new synergies.

It takes about 10-15 minutes to fill out this questionnaire.
Please note that all information provided will be *kept strictly
confidential* and used only for academic research.

Thank you for your cooperation.

**University of London
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Inhye Shin**

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* Please answer the following questions based on the the latest M&A Negotiation

Section A : General Questions

1. Gender: _____ / Age: _____
2. Contact information (email, mobile, phone etc.): _____
3. Mother tongue: _____ / 2nd Language: _____ / 3rd Language: _____
4. Level of English Speaking
 ① ————— ② ————— ③ ————— ④ ————— ⑤ ————— ⑥ ————— ⑦
 Beginner Perfectly fluent
5. Level of Management : _____
6. Your company name: _____
7. Your company main product(s): _____
8. Total sales in 2009: € / \$ _____
9. Total number of employees in 2009: _____
10. Year of experience in (international or M&A) Negotiation: _____ years/ _____ times
11. The company name of your M&A partner: _____
12. When was this M&A negotiation held (year)? _____ / Is this relationship still available? Yes / No
13. Your party was ① acquiring firm ② acquired (target) firm
14. Equity stake of your company: _____ %
15. Did you feel how the overall deal success?
 ① ————— ② ————— ③ ————— ④ ————— ⑤ ————— ⑥ ————— ⑦
 Extremely unsuccessful Extremely successful
16. Please recall your last international negotiation. Can the overall negotiation atmosphere be described as
 ① ————— ② ————— ③ ————— ④ ————— ⑤ ————— ⑥ ————— ⑦
 Extremely Competitive Flow Extremely Cooperative Flow

Section B : Individual Factors

I. To what extent were you satisfied with your partner after the M&A negotiation?		Little	A lot
1	We felt comfortable with the particular people with whom we were paired	<input type="checkbox"/>	<input type="checkbox"/>
2	We were interested in the people with whom we were paired	<input type="checkbox"/>	<input type="checkbox"/>
3	We are interested in seeing the people with whom you were paired again	<input type="checkbox"/>	<input type="checkbox"/>

II. Place a check mark which best express how desirable or undesirable the situation seems to you.		Extremely Undesirable	Extremely Desirable
1	Giving comfort to those in need of friends is:	<input type="checkbox"/>	<input type="checkbox"/>
2	To feel that I like everyone I know would be:	<input type="checkbox"/>	<input type="checkbox"/>
3	To give aid to the poor and underprivileged is:	<input type="checkbox"/>	<input type="checkbox"/>
4	Telling a waiter when you have received inferior food is:	<input type="checkbox"/>	<input type="checkbox"/>
5	A strong desire to surpass others' achievements seems:	<input type="checkbox"/>	<input type="checkbox"/>
6	To have the ability to blame others for their mistakes is:	<input type="checkbox"/>	<input type="checkbox"/>
7	Having to compete with others for various rewards is:	<input type="checkbox"/>	<input type="checkbox"/>
8	For me to pay little attention to what others think of me seems:	<input type="checkbox"/>	<input type="checkbox"/>
9	If I could live all alone in a cabin in the woods or mountains it would be:	<input type="checkbox"/>	<input type="checkbox"/>
10	Planning to get along without others is:	<input type="checkbox"/>	<input type="checkbox"/>

Section C : Contextual Factors

I. To what extent do you agree with each of the following about your partner, <u>relative to your party</u> based on the recent M&A negotiation?		Strongly Disagree							Strongly Agree
1	We felt our partner is entitled to direct our actions on the job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Because of our partner's position, our partner had the right to influence our behavior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	We felt our partner had the authority to ask for the compliance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	We felt our partner in his job position had a legitimate right to influence the decision making	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

II. To what extent do you agree with each of the following about your partner, <u>relative to your party</u> based on the recent M&A negotiation?		Strongly Disagree							Strongly Agree
1	We admired our partner as a reputable company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	We identified our partner because of the reputation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	We respected our partner for the high qualities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	We liked our partner as a negotiation party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

III. To what extent do you agree with each of the following about your partner, <u>relative to your party</u> based on the recent M&A negotiation?		Strongly Disagree							Strongly Agree
1	Our partner had access to the very convincing information not available to us	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Our partner had sufficient information to effectively negotiate with us	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The information our partner provided was logical and makes sense	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	We seriously considered our partner's request because it is based on good reasoning and information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5 Our partner held independent discussions with us based on the sufficient information ☐ ☐ ☐ ☐ ☐ ☐ ☐

IV. To what extent did you perceive the time pressure during the recent M&A negotiation?

Little

A lot

1 We perceived it was sufficient time available to negotiate ☐ ☐ ☐ ☐ ☐ ☐ ☐

2 We perceived the high level of secrecy need was important ☐ ☐ ☐ ☐ ☐ ☐ ☐

3 We perceived the preparation for negotiation before face to face was important ☐ ☐ ☐ ☐ ☐ ☐ ☐

4 We perceived any internal or external pressures to reach the final agreement ☐ ☐ ☐ ☐ ☐ ☐ ☐

Section D : Strategic Factors

I. How frequently each reason had been the cause of their trying to influence the target person to do something?

Never

Very often

1 We became a nuisance (kept bugging our partner until our partner did what we wanted) ☐ ☐ ☐ ☐ ☐ ☐ ☐

2 We repeatedly reminded our partner about what we wanted ☐ ☐ ☐ ☐ ☐ ☐ ☐

3 We expressed our anger verbally ☐ ☐ ☐ ☐ ☐ ☐ ☐

4 We pointed out that the rules required that our partner comply ☐ ☐ ☐ ☐ ☐ ☐ ☐

II. How frequently each reason had been the cause of their trying to influence the target person to do something?

Never

Very often

1 We acted very humbly to our partner while making our request. ☐ ☐ ☐ ☐ ☐ ☐ ☐

2 We acted in a friendly manner prior to asking for what we wanted ☐ ☐ ☐ ☐ ☐ ☐ ☐

3 We made our partner feel good about us before making our request ☐ ☐ ☐ ☐ ☐ ☐ ☐

4 We asked in a polite way ☐ ☐ ☐ ☐ ☐ ☐ ☐

III. How frequently each reason had been the cause of their trying to influence the target person to do something?

Never

Very
often

1 We wrote a detailed plan that justified our ideas ☐ ☐ ☐ ☐ ☐ ☐ ☐

2 We presented our partner with information in support of our point of view ☐ ☐ ☐ ☐ ☐ ☐ ☐

3 We explained the reasons for our request ☐ ☐ ☐ ☐ ☐ ☐ ☐

4 We used logic to convince our partner ☐ ☐ ☐ ☐ ☐ ☐ ☐

Thank you very much for your cooperation and participation in this survey!!

If you have any questions, please contact us

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